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*** Nationalist Parties, Officials Interviewed**

*** New Bulgaria Party**

93BA1061A Sofia ZORA in Bulgarian 13 Apr 93 p 5

[Unattributed article: "New Bulgaria Party; A New Beginning"]

[Text] The Bulgarian Business Party held its third regular congress on 3 April in Sofia. One of its resolutions was to change its name to the New Bulgaria Party. The congress elected its leadership. Mr. Stefan Nikolov was elected chairman of the New Bulgarian Party.

The forum approved the party's ideological line of traditional conservative values: home, family, fatherland. We note with pleasure the fact that the criterion of an enlightened patriotism, so greatly inherent in the mission of the new Bulgarian bourgeoisie, was proclaimed. The aspiration of the New Bulgaria Party to work for the establishment of a liberal-conservative alliance, one that would become the political bearer of the right-wing approach to a market economy, triggered particular interest and hopes.

The New Bulgaria Party has a clearly defined social mandate and responsibility. It seems the only political force that could do something real in ensuring the freedom of the individual, for it lays economic freedom of the individual as the foundation of all change.

On the Unification of the Nation

Bulgaria is a one-nation state with a single and indivisible territory.

It is only the united people who can surmount the difficulties of adaptation to a new socioeconomic quality for which no ready prescriptions are available.

Without the unity of the nation the challenge of developing a more civilized society, a possibility more accessible to economically and technologically advanced nations, cannot be met.

Europe and the world are "doomed" to the dominating influence of the trend toward integration. Bulgaria must approach this unifying world with its own features and style. The danger that in the process of the implementation of global integration trends some nations may lose their personality and may be assimilated, from the viewpoint of civilization, by other more advanced and powerful nations, is real. Through its intellect, will, practical results of its toil, and vital spirit the Bulgarian nation must preserve its dignified existence and insist on equal partnership relations within the framework of the unifying nations. We are and will continue to be of interest to the world not only because we are proving our ability to change but because we are Bulgarians and Europeans.

Bulgaria is a one-nation state in which individual human rights are exercised and guaranteed. Ethnic closed communities, alienation, and separatist aspirations on an ethnic or religious basis work to the detriment of individual, group, and national interests. International standards in this area must not be interpreted in a way such as to meet the objective of the disintegration of the nation, something that no state would like to experience. Tolerance of ethnic minorities must be mandatorily combined with their loyalty to the Bulgarian state, its interests and objectives, and their Bulgarian civic awareness.

The supreme objective of the state and society is to reach internal stability and unity on the basis of the rights and freedoms of man and the citizen. The failed policy on the national issue during the entire period after the liberation and the nationalistic "explosion" experienced by the European East today, brought about a disruption of the normal coexistence among ethnic groups in Bulgaria.

The link between the prosperity of the individual, regardless of his ethnic affiliation, and the prosperity of the state could act as the unifying force and convince the people that it is precisely in Bulgaria and only as an integral part of the nation, that every individual has an opportunity to achieve the best possible equal conditions of life and prosperity. Thus, differences would remain in culture, traditions, religion, and the spiritual world, but not as conflicting but instead as enriching the coloring of the Bulgarian people.

The unification of the nation is defined through the following:

Achieving a national consensus on matters of national security and foreign policy;

Constant search for a compromise among political forces on issues of domestic political and economic development;

Making efforts to deideologize public and traditional national values.

On Privatization

The New Bulgaria Party is deeply convinced that the successful implementation of privatization requires the clear support of the predominant part of the Bulgarian people and a broad consensus among political forces and public, professional, and trade union organizations.

We view privatization not as a one-time act but as a lengthy and complex process requiring the strict observance of the law and consideration of the historical facts and social justice. We favor the distribution of a sensible portion of the national wealth among all Bulgarian citizens. Only thus could labor, nationalized for decades, be properly respected.

Priority in the privatization process must be given to the efforts of private business to be present and to invest in the free areas of the economic infrastructure.

We are satisfied that the ideals of the party and the stipulations of the leaders in private business concerning a privatization moratorium in areas of national importance are being increasingly supported. The New Bulgaria Party proclaims once again the need for preserving the national nature of the power industry, transportation, communications, and the military-industrial complex. Objective factors and our national priorities demand that these sectors be withdrawn from privatization plans at least for the next five to 10 years.

In the privatization process and in its results priority must be given to Bulgarian citizens, domestic entrepreneurs, and capitalists. The leadership positions in the Bulgarian economy must be saved for the Bulgarian national bourgeoisie.

On a Liberal-Conservative Alliance and Right-Wing Political Thinking

The right-wing approach to a market economy and a civil society, desired and needed by Bulgaria, is still searching for its political bearer. Society needs the balancing presence of a right-wing political force and the healing impact of right-wing political thinking and a conservative approach. Despite decades of negative suggestions and the erosion caused by a pseudo-right-wing demagoguery and practice over the past three years, the Bulgarian citizens are coming to realize that right does not mean bad, that right does not mean antisocial, and that right does not mean antinational.

The New Bulgaria Party asserts its initiative and readiness to actively participate in the creation of a liberal-conservative alliance as a right-wing political formation with clear ideological frameworks and predictable political behavior.

Liberal conservatism is a natural combination of liberalism with statism, and of individual freedom with the desire to protect the stability of the statehood and the public order. Essentially, liberal conservatism is a constructive nationally based ideology that rejects destructivism, revolutionary extremism, and denial.

Our place is in the center of the right-wing political spectrum. We are prepared to engage in an open debate with our opponents in the leftist, centrist, and extreme right-wing areas. We are deeply convinced that it is only through a debate that we could find a socially useful compromise with our present and potential opponents on all problems of Bulgaria and of the democratic process.

Our attachment to traditional terminology and the strict use of the classical party and political vocabulary is not self-seeking but an aspiration for clarity and understanding of our political position. Those who thoughtlessly reject clear political positions and who, for the sake of some kind of "declarative pragmatism," confuse social democracy with liberalism and radicalism with conservatism, pour grist in the mill of negation and

political hostility and, in the final account, fight for the satisfaction of their personal appetites and ambitions.

Administrative irresponsibility, voluntaristic experiments, and political demagoguery, as practiced in recent years, brought Bulgaria to the brink of the crisis, confused public awareness, and pushed the nation toward apathy, depression, and lack of faith. The constructive genius of the Bulgarian people was wasted.

The purpose of a liberal-conservative alliance is to assume political responsibility for the destinies of Bulgaria. It is only through the effort of people who have knowledge and can act and with a pragmatic and professional approach that we shall be able to preserve the traditional values of our ideology, family, and fatherland and to inspire optimism in the Bulgarian nation, as well as respect for our state on the part of the democratic world and European Christian civilization.

On Social Policy

The New Bulgaria Party favors the pursuit of a social policy consistent with the right-wing turn of the economy. The changes in the structure of ownership, and the development of private initiative and enterprise require an adequate system for protecting the social interests of employers and employees and individuals independently engaged in economic or any other income-generating activity.

The combination of personal with public interest should be guaranteed by clearly formulated and legislatively codified rights and responsibilities of all social partners.

In accordance with established international standards and the experience of countries with a developed market economy, the state must guarantee the fundamental social rights stemming from international agreements to which it is a party. This will enable us to pursue a state policy based on a sensible minimum, consistent with real economic possibilities, supplemented by a broad system of private and public social insurance institutions.

The lack of a national policy for the priority development of small and medium-sized businesses essentially means a lack of job policy. The opening of new jobs must be backed by the state with loans and preferential tax treatment, protection of the domestic labor market, and a clear view on economic priorities. The monetary policy of restrictions in the credit and financial area, currently pursued, proved its groundlessness under the conditions of a conversion to a market economy. The temporary stabilization that was achieved loses its meaning for lack of economic and financial prerequisites for encouraging the initiative and economic enterprise of the citizens.

Not revanchism but turning to tradition enriched by the accomplishments of civilization in the developed countries is the way to shaping a new economic and social policy.

*** OKZNI-90**

93BA1061B Sofia DUMA in Bulgarian 11 May 93 p 6

[Interview with Dobromir Zadgorski, chairman of OKZNI-90, by Vesela Doneva; place and date not given: "Dogan Cannot Ensure the Parliamentary Seats Desired by the Centrists"]

[Text] [Doneva] Before 10 November you were a poet. Now you are working in politics. Is it easy to replace loftiness with daily concerns and, I would even say, with dirt?

[Zadgorski] No, it is not easy at all, for the dirt always erodes the soul. It is part of the daily catechism, for politics with its perfidious cynicism turns out to be something very sad as well as something very difficult.

[Doneva] Lately one does not see you in the various editorial premises but in parliament, although you are not a representative. What are you doing there so much?

[Zadgorski] Before being a politician or before being a patriot in politics or a politician in patriotism, I am above all a political journalist. I find in the parliament not only the necessary information but the contacts I need in order to be able to write for a purely political newspaper, such as ZORA. In the parliament I also conduct many of my meetings as chairman of the All-National Committee for the Defense of National Interests (OKZNI).

[Doneva] How do you defend the national interests?

[Zadgorski] Many people are trying to suggest that we are very close to being an anti-Turkish or some kind of antiorganization. There is nothing of the sort in the program or bylaws of the OKZNI. We consider national interests in their comprehensive entirety. First is our attitude toward policy on a national scale. This may seem, on the surface, to be typical of political parties and all political forces. However, we give priority to this matter. We believe that Bulgaria has lost a great deal of its national sovereignty over the past few years, particularly after 10 November. We reject the legitimacy of the Movement for Rights and Freedoms. To us this is an anticonstitutional and anti-Bulgarian organization. Serious objections were raised in the Grand National Assembly and the 36th Regular National Assembly to the legitimacy of the DPS [Movement for Rights and Freedoms]. The Constitutional Court acknowledged it with a unique type of ruling that, with six votes for and six against, was interpreted in favor of the DPS. This was only a way of avoiding the problem at that time.

[Doneva] To what purpose?

[Zadgorski] It was synchronized with the SDS [Union of Democratic Forces] and the presidency, yielding to the tremendous U.S. pressure which came first, and then from Turkey. The BCP [Bulgarian Communist Party] was the force that initially legitimized the DPS. However, its ratification followed the line of the extremely

unprincipled, nihilistic, pseudocosmopolitan policy of the SDS and of the president who, in the final account, made the DPS what it is today.

[Doneva] Do you see in the early parliamentary elections a way to lower the influence of the DPS?

[Zadgorski] As I have said elsewhere as well, we were, are, and will remain in favor of early elections, for the PSSD [Parliamentary Union for Social Democracy] will win them. The second and much more important reason we consider decisive is that in future elections, the agrarians, although torn apart, will participate; the Business Bloc will have major opportunities; the SDS will retain its position in the parliament but the DPS will lose the role it currently plays.

[Doneva] What is your view on the reciprocal wish for cooperation between the DPS and the nonparliamentary centrist parties, members of the Council of Twelve?

[Zadgorski] Being an exceptionally clever and pragmatic politician, Akhmed Dogan is trying to abandon his ethnic-religious status, by developing an infinitely amorphous formation that, in general, consists of renegades from the former Communist Party. This is a very strange and absurd formation. Akhmed Dogan wants the DPS to be legitimized as a national force, something that it can never be. The absurdity is found in the fact that, combined, these 12 parties do not amount to even 0.0001 percent. This includes some 30 former Grand National Assembly representatives, who are backed by absolutely no one and have no supporters whatsoever, whereas Akhmed Dogan is backed by, in my modest estimates, a firm 6-6.5 percent. It is here that we find the major paradox, for in the next elections Dogan could have a maximum of 16 representatives. In the council, however, all are "leaders" and "teachers," from Dr. Dertliev to Boris Kolev and Nikolay Vasilev. This is an assembly of 40 candidate deputies. In order for them to become members of a future parliament they must garner an incredible number of votes. Dogan, however, cannot guarantee them such votes.

[Doneva] Was OKZNI invited to participate in the preliminary discussions leading to the establishment of the council?

[Zadgorski] No, but it would be absurd for us to sit at the same table with the DPS.

[Doneva] It seems that, in general, you have no close contacts with nonparliamentary parties.

[Zadgorski] OKZNI maintains very good relations with the VMRO [Internal Macedonian Revolutionary Organization], the Thracian Society, and the Bulgarian Democratic Forum within the SDS. There is no patriotic organization in Bulgaria with which we do not maintain good relations. We have never monopolized the national idea. What matters to us is for all of us to work jointly for Bulgaria, regardless of who is blue, red, or orange.

[Doneva] There are many parties and organizations in Bulgaria and all of them show concern for Bulgaria, while Bulgaria continues to sink.

[Zadgorski] We were against the Berov government and will continue to be against it, not because we are, a priori, against any government but because it was formed with the mandate of the DPS.

[Doneva] Is this so fatal?

[Zadgorski] Let me first open a parentheses. We fiercely opposed the SDS government not because it was an SDS government but because it governed Bulgaria extremely arbitrarily. Bulgaria was governed by a former simple worker with unfinished secondary education, working in a factory in Ohio, Konstantin Mishev, who escaped from Bulgaria with his U.S. passport. Bulgaria was governed by extremely incompetent people, who ruined it. They ruined above all the blue idea, not to mention the country. Now as to the present government. There can be no government in which electoral votes have been replaced on three occasions. This is an absurdity, this is possible only in Bulgaria. To us the only solution is that of new elections and a government consistent with the electoral votes.

* Bulgarian Party of Liberals

93BA1061C Sofia DUMA in Bulgarian 12 May 93 p 7

[Interview with Dimitur Arnaudov, deputy chairman of the Bulgarian Party of Liberals, by Vesela Doneva; place and date not given: "The Liberals of Petko Simeonov Will Come To Power in Eight Years"]

[Text] [Doneva] Mr. Arnaudov, if Dogan and the other centrist parties within the Cooperation Council meet the demand of your party and condemn the Turkification of Bulgarian Muslims, would you become member of the council?

[Arnaudov] In my view, matters cannot be presented all that simply, to the extent to which adopting a certain position means formulating a specific condition for cooperation. Any form of cooperation is based on certain rules that must be universally valid and must not, essentially, be raised as an obstacle. In that sense we would participate in such a council. Matters are extremely clear, for the Bulgarian Party of Liberals has worked for the consolidation of the centrist forces. This is known to the Bulgarian public, and I think that there is no political obstruction to such cooperation. We have one demand that, although in a minimal basic form, brings up the idea of reaching some kind of common consensus on matters of governmental importance rather than on the basis of narrow-party interests.

[Doneva] In the course of the preliminary discussions your demand was not supported by any party. Some kept silent while others said that the issue of Turkification

was not important at this precise moment, and that what was important was to have members in parliament. Was this indeed the case?

[Arnaudov] I do not know how well informed you are about something you are formulating as a question.

[Doneva] This was said by Petko Simeonov at the press conference.

[Arnaudov] There were discussions as to whether our demand was to be considered or not. To us there are no major or minor issues for, in the final account, everything is a single system in which everything rests on two basic principles. First, we must not display a partisan attitude based on some kind of interest concerning the power itself. Second, to what extent would the "importance or unimportance" of some issues, or ignoring them, would bring about what I would describe as the fast destruction of any kind of cooperation, for usually disputes are triggered by vital state issues. In that sense, the fact that it was agreed at that time not to speak of such matters or not to issue an opinion on them, is to us a mark of a nonconstructive attitude.

[Doneva] Because of your clear and categorical position you earned the approval of some nonparliamentary parties. Are you pleased with this fact or do you not care about what other people may think of you?

[Arnaudov] There is no party that is not interested in what others think of it, for any public reaction is, to a greater or lesser extent, an indication of a smaller or greater social support, regardless of whether it is a question of a specific political position or an overall pursuit of policy by a given party.

[Doneva] Do you feel isolated from the centrist parties at this point?

[Arnaudov] As a party we have been aware of the fact that our position carries a specific political risk and have realized that, to one extent or another, we may become isolated from the parties that signed the protocol. Had we been thinking strictly on the basis of narrow political pragmatism, seeking our way to power at all cost, we could have avoided the risk and signed the protocol. To us silence is a type of agreement about things that are quite important and already proved by various competent authorities on what is happening in the Rhodope. As a party that wishes to suggest and not to impose at this stage any kind of political culture and corresponding political morality, we cannot compromise with such views.

[Doneva] Do you believe that some nonparliamentary parties see in the Bulgarian Party of Liberals a strong party, for which reason they would like to push you aside?

[Arnaudov] Let me tell you something that may sound heretical. No coalition would be possible without the Bulgarian Party of Liberals. I am convinced of this. I am speaking of a serious political coalition that would lay a

claim to governing the country and not merely a coalition the purpose of which is simply to have representatives in the parliament.

[Doneva] Who are the leaders of the nonparliamentary parties whom you continue to respect and with whom you would like to work?

[Arnaudov] I will express my personal opinion, and not speak on behalf of the party. I respect all party leaders perhaps for the sole reason that they have accepted the role of being the leaders of people.

[Doneva] This sounds quite abstract.

[Arnaudov] On the contrary, it is very precise, for I have no real criterion for evaluation that could be respected more from the moral viewpoint.

[Doneva] In that case would you respect the leader of a fascist organization only because he is the leader?

[Arnaudov] Here is my second heretical thought. If we are speaking of a true civil democratic society, the Bulgarian people must be familiar with the nature and activities of all possible ideological trends that provide grounds for the existence of parties. The Bulgarian people must be clear, I am speaking quite conventionally, as to who are the fascists, the social democrats, the liberals, and the communists. They must clearly know for whom they cast their ballots.

[Doneva] Do you believe that in a preelectoral situation the Cooperation Council, if it were to transform itself into an electoral coalition, would be successful?

[Arnaudov] As any other forecast, this one is uncertain and hypothetical. They could achieve some success, but not the type of success they desire.

[Doneva] What type of success would they wish to achieve?

[Arnaudov] I presume that they would like to play the main political role in the Bulgarian parliament, considering that the bipolar model proved it weakness.

[Doneva] Do you believe that this bipolar model can be changed exclusively through elections?

[Arnaudov] From the viewpoint of legitimate democratic means, in the sense of changing the political situation in a country through elections, this could be achieved only through elections. However, the prevalence of a centrist way of thinking and behavior by individuals and individual groups within parliament could also bring about a change in this clearly delineated bipolar model. The difference would be that such centrist forces which could proved to the public that they have adopted such a centrist way of thinking and behavior are simply not within the parliament.

[Doneva] Which option do you support?

[Arnaudov] I support this one, but I do not see it happening soon.

[Doneva] Does this mean that you are in favor of elections?

[Arnaudov] When we speak of elections we should not consider matters in terms of black and white, i.e., should there be elections or should there not be elections. An electoral situation could always be created providing that there is someone who wants elections. When I say someone, this is more from the viewpoint of the objectives of certain political forces that set themselves specific political tasks. There is nothing bad in this, they are following their strategy and their line.

[Doneva] If I understand you correctly, the Bulgarian Party of Liberals wants elections but will not provoke them.

[Arnaudov] The Bulgarian Party of Liberals is thinking about elections. It cannot fail to think about elections if it is a party. The Bulgarian Party of Liberals is a party that does not think of what is already happening. It is trying to think in terms of projections.

[Doneva] What are its aspirations?

[Arnaudov] To be in power, naturally.

[Doneva] It is being said about the Bulgarian Party of Liberals that it is propresidential and that Petko Simeonov is pro-Zhelev. Are you pro-Zhelev yourself?

[Arnaudov] I reject both. We are simply a liberal party resting on a liberal foundation. Liberalism provides specific mechanisms with which we can properly serve our state. If someone is trying to suggest some kind of ownership of this party he should first determine what he wants of the parties in Bulgaria.

[Doneva] Since you consider the past forgotten, could you anticipate that the day will come when the Bulgarian Party of Liberals will reach its target? I am referring to becoming a ruling party.

[Arnaudov] I would split this into two questions: when the party could come to power alone, and when within a coalition.

[Doneva] Which do you prefer?

[Arnaudov] At this stage, in some kind of coalition with other partners. As an independent party, if we have properly anticipated future developments and we exclude an emotional approach, I would say in eight years.

* Fatherland Party of Labor

93BA1061D Sofia DUMA in Bulgarian 20 May 93 p 7

[Unattributed interview with Rumen Popov, chairman of the Fatherland Party of Labor; place and date not

given: "The Left-of-Center Alliance Will Shine on the Bulgarian Political Horizon"]

[Text] [DUMA] Why is it that precisely now you are calling for the formation of a left-of-center alliance, Mr. Popov?

[Popov] Elections will be held sooner or later. We must know what it is that we wish to attain and what are our aspirations. We must draw conclusions based on the period of free political life and find the proper directions. The initiative of creating a left-of-center alliance was the result of the awareness that denial and conflict cannot be a base for unity. They are already a past stage, even for our country.

[DUMA] What are the chances for such an initiative?

[Popov] The time of constructivism, of creative alternative ideas and movements has come, leading to the unification of the nation and of resources, for the development of a civil society and for strengthening the single national Bulgarian state. We must reach agreement on the most important issues and on the path we are following. We need a program not only for daily narrow-party objectives but for the Bulgarian citizens and their place in Europe and in the world in the 21st century. This program is beyond our forces, it cannot be drafted, formulated, and achieved by a single party. It can be the work of citizens, movements, and parties, of a left-of-center alliance.

[DUMA] What will be its main features?

[Popov] It will be built on the basis of a federation. It will be open to all parties and movements. Its program will have a social-liberal trend. Its defining characteristics could be the national ideals, objectives, and interests, having a civil society, the inviolability and sacredness of property and labor, a market economy, a guarantee and protection of the democratic rights and freedoms of all Bulgarian citizens at home and abroad, a parliamentary democracy, and a peaceful transition.

[DUMA] Is it precisely the group around the political center that needs such a coalition?

[Popov] We must not forget that we are advancing from the left to the right. Consequently, we cannot ignore the left after the 45 years it took to create it. Our task is to eliminate that which obstructs the right and, by going to the right, to occupy the center. As to the OPT [Fatherland Party of Labor] it can hold no position other than that of the center. Its main objective is to reach a consensus leading to the defense of the interests of Bulgaria rather than whether it will be oriented toward the left or the right. The aspiration to achieve a consensus among ownership, capital, and labor, is the eternal engine of social development. Within the single world market we shall be able to seek and find the fullest possible harmony within a society of free people.

[DUMA] In our country many people aspire to liberalism. Why are you joining this large number?

[Popov] An essential feature of the new social development is the increased role of the individual. Without his

development no progress by the state is conceivable. This is possible only if every member of society is economically secure and politically free. It is no accident that our program combines conservatism with liberalism. The party is conservative politically and liberal economically. It is conservative because it supports constitutionality. It is liberal because it believes that without a market economy, without private property, there can be no prosperity and wealth.

[DUMA] Could you give us more details about your economic views?

[Popov] In our view, every Bulgarian citizen must be an owner. There must be mandatory restitution of property and not privatization. The state must give their property back to the citizens. What was created in the past is my property and your property and not strictly the property of the state. This means real ownership in industry, trade, tourism, banks, and so on.

[DUMA] Is it true that you consider the right to work sacred?

[Popov] It is. The state must provide conditions and develop interests for the realization through labor of every Bulgarian citizen who must have guaranteed social security and human dignity. In our view, the state must provide free education and health care, children's institutions, homes for the elderly and the disabled, vocational training, and the development of spirituality, culture, and sports. Every Bulgarian must have the right to a scholarship, pension, and insurance.

[DUMA] Does the new alliance mean that the OPT will withdraw from the PSSD [Parliamentary Union for Social Democracy]?

[Popov] The parliamentary Union for Social Democracy was a necessary stage of development but is no longer necessary. We have invited the leaderships of all members of its political consultative council to participate in a debate on "Political Coalition of PSSD Parties." Together we shall think of how to name this left-of-center alliance, should the idea of its establishment be accepted.

[DUMA] Which among the nonparliamentary parties would be included?

[Popov] Above all, all citizens who are not members of a political group but who care for Bulgaria, for whom the most sacred slogan is "what is good for Bulgaria is also good for us." Such an alliance could include various movements, agrarian parties, and even the DPS [Movement for Rights and Freedoms] if it would stand for the Bulgarian flag and the Bulgarian anthem.

[DUMA] Do you have any more particular, any special requirement concerning the left-of-center alliance?

[Popov] Perhaps the fact that it is very important for the hegemonistic trends and habits of other parties and movements, as well as the careeristic statements by their leaders, to be subordinated to the interests of the Bulgarian civil society and of Bulgaria. If we succeed in this, the new alliance could be created even in a week's time.

*** Economic Change Affects Forestry, Wood Industry**

93BA1070A Sofia IKONOMIKA in Bulgarian Mar 93 pp 39-41

[Article by Docent Ivan Yovkov, candidate of economic sciences, and Ivan Paligorov, candidate of economic sciences: "The Market Will Enter the Forests as Well"]

[Text] By the end of 1991, forests covered an area of 3,866,516 hectares, i.e., about 35 percent of the country's territory. The forest area encompasses a variety of ecosystems of various functional states, considered to be of great economic, social, and ecological significance. The differences in their functional state is due essentially to two complex factors—anthropogenic and natural.

What Do We Have?

The natural factor, with its altitude component, is the basis of the classification of the forest fund into three territorially distinct areas: Plane, Hilly, and Mountainous.

The working space in the Plane area is characterized by its low altitude (under 200 meters). This provides the best conditions for intensive forest cultivation (mainly poplars), and for the mechanization of processes. The work possibilities here are relatively good the year round. Table 1 shows the main characteristics of timber resources by area, personnel, and financial management capital provided by the economic units (based on data of the Agrole-sproekt State Fund, and the basic accountability reports of the forestry administrations for 1991).

The Plane area accounts for about 19.5 percent of the country's forest fund, 22 percent of the economic units, 23 percent of the logging fund, 20 percent of the labor force, and 18 percent of financial assets. The Plane forests are classified into four subareas: Dobrudzha, Miziya, Thrace, and Sofia-Pernik.

This potential (as well as that of the remaining three areas) is not optimally used at present. The actual use of the timber is about 63 percent of the potential of these forests. Only 48 percent of the potential for medium-size construction timber and fuel wood is used. The Dobrudzha and Miziya subareas could increase the size of their personnel, something not available to the Thrace and Sofia-Pernik areas (Table 1).

Table 1

Area and Sub-area	Number of Economic Units	Area in Forests (Hectares)	Volume of Planned Logging Based on the Forest Structural Plan (Cubic Meters)					Personnel Size	Assets of the State Forest Managements (Million Leva)	Potential Personnel Size (Number)
			Total Logged Mass	Large-Construction Timber	Medium-Construction Timber	Small-Construction Timber	Fuel Wood			
Plane forests	38	754,402	1,185,350	175,655	290,530	197,100	420,000	9,628	79.9	90,720
Dobrudzha	17	304,678	646,420	60,925	188,065	105,506	234,549	4,303	39.0	5,800
Miziya	7	80,075	252,300	85,500	57,320	34,040	55,090	1,405	9.5	2,270
Thrace	10	252,932	214,240	26,400	31,275	43,564	94,251	2,620	21.3	1,950
Sofia-Pernik	4	112,717	72,390	2,830	13,870	13,990	36,110	1,300	10.1	700
Hilly forests	24	537,067	656,663	114,139	103,655	75,833	213,475	5,722	68.8	5,200
East-Balkan Mountains	10	204,743	255,601	46,576	39,352	30,900	128,537	3,079	36.2	1,800
Ludogorie	3	50,807	108,312	22,753	25,573	8,123	33,088	623	8.4	990
Strandzha-Sakar	11	282,750	282,750	44,810	38,730	36,810	151,850	2,020	24.2	2,500
Mountain forests	113	2,575,047	3,219,986	850,501	593,983	446,861	1,170,772	32,658	298.8	32,250
Balkan and Sredna Gora Mountains	51	1,241,205	1,626,880	365,430	298,980	247,023	712,677	13,062	122.6	15,460
Rhodope	37	746,181	889,358	303,908	167,395	115,473	244,617	8,124	92.7	9,140
Rila-Pirin	25	587,661	703,748	218,404	127,608	86,365	213,478	11,472	83.5	8,650
TOTAL	175	3,866,516	5,062,179	1,140,295	988,168	721,794	1,904,247	48,008	447.5	49,170

Working places in the Hilly area are between 200 and 600 meters above sea level. This area includes the forests of the Eastern Balkan Mountains, the Strandzha-Sakar area, and the Ludogorie. It is here that the oak forests of the country, the most valuable from the economic viewpoint, are located. The Hilly area includes about 14 percent of all forests, 14 percent of the economic units, 13 percent of the logging fund, 12 percent of the employed personnel, and 15 percent of the financial assets of the forest economy.

About 43 percent of the potential in the Hilly forests is in the Strandzha-Sakar area, 41 percent in the Eastern Balkan Mountains, and 116 percent of the Ludogorie area. The timber resources of the Eastern Balkan Mountains subarea do not have any potential to maintain the present employment of manpower. The Ludogorie and Strandzha-Sakar have such possibilities. However, they will not be used unless we can develop a real market for medium-sized and small construction timber.

The Mountainous area is characterized by a great variety of elevations of working areas (from 600 to 2,000 meters). It is here that the best Bulgarian beech and coniferous forests are located. The area has three types of economic conditions: the Balkan and Sredna Gora mountains, the Rila-Pirin, and the Rhodope. The mountainous area accounts for about 75 percent of the potential of the country's large construction timber.

The Balkan and the Sredna Gora mountains subarea contains the biggest timber resources not only of the Mountainous area but in the country. They consist of beech or beech mixed with deciduous types. Natural coniferous forests account for an insignificant portion. The subarea, with a production potential of 1,627,000 cubic meters, is insufficiently exploited. It could realistically provide another 2,400 jobs. Here as well, however, substantial efforts must be made to restore the destroyed timber market.

The Rhodope subarea is the other large mountain area. Along with the Rila-Pirin subarea, it accounts for more than 90 percent of the country's coniferous timber. The Rhodope subarea still has a potential for a real increase in employment (about 1,000 jobs, see Table 1). The same cannot be said of the Rila-Pirin subarea. Here we can realistically expect a reduction of employment by about 2,800 jobs. The factor which will motivate the forest managements to reduce the number of jobs is the underdeveloped timber market in this part of the country and the increased cost of manpower in the years to come. In this area it may be expedient to engage in the extensive processing of the timber.

The influence of the anthropogenic factor has two dimensions. On the one hand, it functions through the existing forms of farming and management and, on the other, through breaking the physiological resistance of the groups as a result of inexpedient economic activities. Thus, for example, currently the Forest Fund Administration includes 175 forest and hunting-management

units. The average size of an economic unit is 19,850 hectares in the Plane area; 23,372 hectares in the Hilly area; and 22,570 hectares in the Mountainous area, averaging about 21,000 hectares for the country at large. With such a size all economic units become stable production and social structures in terms of the steady utilization of the timber and the permanent employment of the personnel. They are relatively inexpensive in terms of forest farming and management. Thus, for example, an economic unit averages 18 to 20 forest farming and management personnel.

Presently the entire Forest Fund managed by the 175 territorial economic units is owned by the state. The state is also the owner of their total financial assets. As of 1989, by decision of the Council of Ministers, the forest farms stopped being juridical persons. With the same decision, 14 companies managing state property were granted the status of juridical persons.

The state forestry managements currently include two types of authority: executive and economic. The executive authority is based on the Law on Forests, while the economic authority is based on Resolution No. 98 of 1989 of the Council of Ministers. Actually, the resolution merely reflects the actual reality, based on the nationalization of the forest cooperatives in 1947. This reality was reduced to concentrating within a single authority the "forest trademark" and the "ax" for a period of 45 years. The same reality prevails to this day. The assessments based on such "coexistence" are not particularly positive. The first negative fact is that a nonoptimal controlling process of cutting down the best (mature) forests has been carried out over an area that, according to the latest data, has been reduced to about 4-6 percent of the entire forested area. Young forests (40 years old or younger) account for more than 70 percent of the forested area in coniferous trees and more than 45 percent of deciduous tall trees. The second negative result is the unnecessary management of economic processes in the forests and restraining the development of market relations. It is precisely these two aspects that are currently being reassessed.

Change in Several Directions

The change itself is sought along several directions: restitution of nationalized forests; separating the executive authority from the economic management of the forests; and the creation of market infrastructures. The processes triggered by these changes will have a strongly manifested territorial feature. For that reason they must become an inseparable element of regional policy. Some elements of this policy are of essential significance.

First, the restitution of private forests must not disrupt the territorial integrity of forest managements. Otherwise we shall violate their durability in terms of the steady use of the timber and the year-round employment of the manpower. This will also disrupt the system of forest control and utilization. In order to prevent this, it would be expedient for the law on restitution to be

enacted after the necessary amendments have been made to the Law on Forests and the Law on the TSU [Labor Economic Managements]. The former should regulate the mechanisms for the utilization and preservation of private forests; the latter should regulate the mechanism for the conversion of the land from the forest to the other land funds.

Second, the Forest Fund is an exclusive territorial resource. Prior to the 1947 nationalization, township forests accounted for about 55 percent of the Forest Fund; state forests accounted for about 27 percent, private forests for about 15 percent, and monastery, school, and other forests, for about 3 percent. The townships, consequently, had been granted an option on the timber of more than 55 percent of the forest area. This was a real source of township revenue. This option must be restored in a suitable manner. This would require amendments to the Law on Forests and the Law on Local Self-Government.

Third, the separation of the executive from the economic authority should be accomplished in two stages. In the first stage, the present economic structures must be converted into individual commercial companies with state participation, in accordance with Council of Ministers Letter No. 98 of 1992. This means that the economic entities should initially be converted into corporations or limited liability companies with 100 percent state property. At the same time, amendments should be made to the taxation system. The system should provide 100 percent of the revenue from the taxed profits of the forest farms as local budget revenue. After the enactment of the restitution and after the townships have received their timber option covering 55 percent of the forest fund, they should be given the right to receive some of the dividends from the share participation of the state and the township property in the economic structures. The right to dividends should be granted to the owners of private forests as well.

Fourth, a real market for timber must be established through the development of market infrastructures. In this connection, we must take into consideration the fact that the Bulgarian market is regionalized. Estimates indicate that about 80 percent of the timber marketed in the former Mikhaylovgrad Oblast is within its territory. In Lovech Oblast this share reaches 93 percent; it is 67 percent in Razgrad Oblast, 61 percent in Burgas Oblast, 66 percent in Khaskovo Oblast, 69 percent in Plovdiv Oblast, and 81 percent in Sofia Oblast. Only in Varna Oblast this share drops to 13 percent because of the high volume of timber imported from Russia.

This indicates that in all oblasts independent timber exchanges could be organized, added to the existing regional commodity exchanges. Or else, a single country-wide timber exchange could be organized, with branches in the oblast centers.

The management mechanisms are of exceptional importance for the stable functioning of the territorially separate forest management structures and the entire forest economy. With a centralized administration matters were simple: instructions were issued "from above" for everything: how much to be produced, where to sell it, and at what price; how much to be spent for the planting, nursing, and preservation of the forests, and so on. Today the forest economy as well has become liberalized. Market relations are entering it. However, we have still not developed the mechanisms that regulate the country's forest economic development. In this connection, several problems assume priority.

Restitution and the privatization of forests, forest property, production activities, and entire forest management enterprises will be undertaken. The question arises concerning the price of the forest property in future market relations? The present rates for the condemnation of forests cannot meet this purpose (DV [Official Gazette] No. 61, 1991). Their function at present is to play the role of a protective mechanism against the confiscation of land from the forest to the benefit of other funds. Because of this, they are unsuitable in terms of creating a market for forest property. Rather, they are a means for the total elimination of this market. Furthermore, the present rates are the valorized worth of the 1978 tariffs, i.e., they have been raised tenfold. This increase is not based on real economic relations but on the latest administrative arbitrariness of the state bureaucracy.

Under market conditions, all prices, including the price of forest property, are specific and is based on supply and demand. For that reason, it is very wrong for the center to set standardized rates. The proper solution is to approach the assessment of forest property in accordance with the principles of the Law on Privatization: the independence of the authorities that will assess the forest property within the state apparatus and the use of a variety of assessment methods. This means that the efforts must be directed not toward inventing various prices but toward the training of specialists as assessors and the development of a regional network of bureaus and companies to this purpose. It would be sufficient for our country to have about 20 such regional centers (the centers of the present rayon forests directorates). Their function would be to assess forest property subject to restitution and property related to the privatization process.

Table 2

Regional Holdings	Share of Production and Sales in the Country in Percent of Output From			
	Big Construction Timber		Timber for Technological Needs	
	Coniferous	Deciduous	Coniferous	Deciduous
1. Plovdiv Oblast	20	10	30	10
2. Sofia Oblast and Sofia	15	20	30	15
3. Lovech Oblast	—	20	—	25
4. Razgrad and Varna Oblasts	15	15	40	30
5. Burgas Oblast	20	15	—	5
6. Khaskovo Oblast	10	10	—	10
7. Mikhaylovgrad Oblast	20	10	—	5

However, this will not suffice. If we are trying to change the forest economic management mechanism, prices must be consistent with the purchasing power in our country over the next 5 or even 10 years. Estimates have indicated that the value per decare of pine forests of the third cut in the Rhodope and Rila-Pirin subareas, with the cost of capital (interest) on the loan market averaging 6-8 percent annually, would be about 8,500-9,000 leva. If we take into consideration the current price of capital on the loan market (50-55 percent), the value would reach 13,000 to 14,000 leva. On the basis of such a price we could organize a real market and not a market based on a subjectively defined current rate of 120,000 leva per decare. The true economic assessment is specific for each forest property and cannot be classified into types, as has been done. It must be provided by a competent assessor and not by a bureaucratic office. The assessment thus obtained should be used in registering the value of the forest property in the credits and debits of the forest farms and used as a basis for eventual purchase or sale. The actual market value will be obtained during the purchase and sale process, based on supply and demand and at the extent to which those authorized to handle forest property will make use of the potential of the different forms—auctions, competitions, exchanges, and so on—in order to obtain the maximally possible price.

Another problem is that of the rate of fees for the use of timber. They not provide conditions for the stable development of forest farming by the townships that collect such fees. They are not related to the real price of the "forest crop" commodity or the market price of the various types of timber. A price that would optimize income from the forests, to be divided among the state, the townships, and the entrepreneurial capital, must be reached. Estimates indicate that through the existing mechanism the owner

(presently the state) is being deprived of about 90 to 100 million leva annually. If the same situation remains after the restitution and after granting options to the townships, the real threat exists of causing irreparable damage to the forest fund. We need a rate of fees that would combine the interests of the various forest owners, the state, the townships, and entrepreneurial capital.

The Crossing Point of Interests

At the present time, the link between forest management and the timber processing industry has been violated. This leads to a violation of their development ratios as well as to the aspiration to develop autarchic management systems. The threat resides in the growth of a unique phenomenon: with developed capacities for timber processing, round timber resources are exported, the domestic market cannot absorb the round timber, but constant administrative barriers are erected to restrict exports. In theory everyone favors the establishment of market relations. Practical actions, however, are aimed at preserving the monopoly of the timber processing industry. The national interests require the faster structural reorganization of the timber processing industry, in order to utilize our considerable reserves of medium-sized and small construction timber and fuel wood. At the same time, the interests of this industry are exclusively concentrated on the large construction timber for the processing of which capacities have been installed. Nor should we ignore the fact that the timber processing sector is now totally isolated from problems related to the restoration and preservation of forests.

It is obvious that it is time to realize the simple truth that such issues are economic and must be resolved through economic means and levers, and be coordinated by a single center. A newly established ministry of forests and forest industry could become such a center. It should create conditions for the interpenetration of forest and forest-industrial capital and for combining their interests with those of the nation. Taking into consideration the regional nature of the timber market in the country, it is obvious that seven or eight regional holding companies (located in the oblast centers) should be created for managing the existing state property. Estimates indicate that it would be economically justified for each one of these holding companies to organize the production the sale of goods as indicated in Table 2.

This means that the process of reorganization of the firms into private commercial companies must be paralleled by the voluntary merger of the forest capital with the forest-industrial capital. In order for this to take place, the moment the private trade companies are formed freedom must be granted for the two capitals to flow back and forth. A corporation would be the most suitable means for providing such freedom. Let us repeat once again, however, that the processing enterprises must be removed from the Ministry of Industry and be placed under the Committee on Forests, in order to achieve the optimal combination of the interests of forest management and the forest industry.

*** Polish-Ukrainian Relations After Walesa Visit Viewed**

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[Article by Arkadiusz Prusinowski: "Lech Walesa in Ukraine: Partners, Not Allies"]

[Text] The Polish MSZ [Ministry of Foreign Affairs] can be very pleased with the course and results of President Lech Walesa's visit to Ukraine. Minister Krzysztof Skubiszewski showed, not for the first time, that he has significant, if not decisive, influence on the president in foreign affairs. After the visit in Kiev, the NATO-bis [Poland's associate membership in NATO] concept, or its Ukrainian counterpart, known as the security and stability zone in Central-Eastern Europe, is effectively dead. It even reached the point where an earnest supporter of the idea, head of the National Security Office Jerzy Milewski, said publicly that Poland's place is in the Euro-Atlantic security system. He immediately added that there is a place in it for Ukraine.

All ideas for creating a new political or defense structure in Central-Eastern Europe can count on warm acceptance in Kiev. For that reason, KPN [Confederation for an Independent Poland] leader Leszek Moczulski, with his Isthmus concept, enjoys a great deal of popularity in Ukraine.

Certainly, Ukrainians are looking for their own place in the new European order; hence, the sympathy for ideas of this kind, especially when they come from neighboring states that do not belong to the Commonwealth of Independent States [CIS]. For the time being, though, only the leader of CIS, Russia, truly wants closer political and military cooperation with Kiev.

Contrary to prevailing opinion, Poland has only recently been treated by Ukraine as an important partner in foreign policy. Immediately after achieving independence, perhaps under the influence of euphoria, Ukrainians saw themselves as partners only to the United States, Canada, and Germany. When the euphoria passed, they began to set a course for the former Warsaw Pact countries, mainly Hungary.

Foreign Affairs Minister Anatolij Zlenko spoke for the first time about Poland as Ukraine's most important partner in the West on 20 March of this year. Of course, there were declarations about a strategic partnership earlier, but mainly during visits of politicians at various levels, so they could not be treated other than courteously, especially when one carefully observed what Ukrainian diplomacy was doing. On 20 March, Minister Zlenko said at a press conference that Ukraine's partner to the east is Russia and to the west Poland. That statement was made two days after the close of a parliamentary session at which foreign policy was discussed, which naturally increased its significance even more.

It is hard to say unequivocally what motivated President Walesa when, last December, he sent a letter proposing the establishment of the Consulting Committee of Presidents of Poland and Ukraine. No doubt he wanted to break through the stagnation that prevailed in the second half of 1992 in Polish-Ukrainian relations. On the other hand, the nomination of Jerzy Milewski, the primary advocate of rapprochement with Ukraine in the president's circle, as cochairman of the committee may be evidence that intentions went deeper.

Last January, Milewski went to Kiev with Prime Minister Hanna Suchowska and then had his first meeting with the cochairman from the Ukrainian side, Anton Butejko. A minor observation here: Butejko is President Krawczuk's chief adviser on foreign policy matters and is certainly a very influential person. But Milewski's counterpart as head of the State Security Office should be Krawczuk's current adviser on security, Wolodymyr Seliwanow—one of the most mysterious figures on the Ukrainian political scene.

Shortly after the Polish delegation's visit ended, I had the opportunity for a long conversation with Anton Butejko. I got the impression that he views the whole undertaking to create the committee with heartfelt indifference, as if we were doing something that will die of natural causes anyway. Judging from the first meeting of the committee, I think my impression was accurate.

At the beginning of May, a Ukrainian delegation headed by Butejko brought to Warsaw a plan to create the aforementioned security and stability zone. The Polish side tried to tone down the whole matter as much as possible. The project was immediately suppressed, so that even people commonly acknowledged as experts on Ukrainian affairs were unable to become familiar with it. Meanwhile, Kiev did almost exactly the opposite. Journalists accredited to Ukraine could get a copy of the project at the local MSZ without major difficulties.

The Polish side's behavior can be explained fairly easily. The MSZ used its influence to ward off even serious consideration of the issue of establishing the zone. It undoubtedly did this for two reasons. First, Minister Skubiszewski and the department he heads cannot stand it when someone else gets involved in foreign policy. Second, in the building at Aleja Sucha, they correctly acknowledged that such an initiative would be detrimental to relations with both Moscow and the West because the Russians would immediately put pressure on Warsaw, from Washington, for example.

Now let us try to consider Kiev's behavior. Many observers of the Ukrainian political scene say the Ukrainians have already accepted, whether they like it or not, that their place is alongside Russia. But the problem is what kind of place it will be. The propagandist treatment of the issue of a security and stability zone bears witness to its use as a tool. We will upset Moscow, and, at the same time, we will test Warsaw, which has lately been intruding with cooperation.

During President Walesa's visit, there was no longer any discussion of the Ukrainian proposal. President Krawczuk, on the other hand, very deftly emphasized to the Polish president the significance of the idea, having as its goal the creation of new structures in Central and Eastern Europe. Walesa did not talk at all about his NATO-bis or the security and stability zone. "Both sides (Ukraine and Poland) must approach the issue of security in Central and Eastern Europe realistically," said Anton Butejko at a press conference following the working session of the Consulting Committee, and I think that is the main point of the entire story.

But the Consulting Committee of Presidents of Poland and Ukraine has been established, meetings—preliminary and working—have been held, and it is supposed to operate at least until fall, when the next meeting will take place in Warsaw.

But problems already began at the committee's working session. Both sides prepared their own drafts, about 300 pages each, of a project under the working title "Information on the State of Polish-Ukrainian Affairs." Incidentally, it is strange that, despite the signing of an agreement on friendship and a series of other pacts and agreements, a completely elementary document of that kind had not already been prepared.

The experts made one project of those two, abridging them to the maximum. But the committee treated it as a separate report by the groups of experts, adopting instead the two separate projects that were to be the starting point for a joint document.

In the Polish document, there are numerous references to the possibility of and the need for cooperation. It is also asserted that the past should not cast a shadow over the present and the future. Typically, the same appears in the Ukrainian project, except for that last element.

In the document prepared by the State Security Office, there is a mention of the infamous "Wisla" operation and the forced resettlement of Ukrainians in Poland, in the form of an apology for the sins of a bad past. I view raising that issue in the document as a serious mistake. Everyone who strikes his breast and apologizes reckons that he will be forgiven. Moreover, if the forgiving person also has sins on his conscience, one might expect he will apologize for them on the principle of reciprocity.

Nothing of that kind will occur in the near future. Ukrainians will not apologize to us for the ethnic purges carried out by the Ukrainian Insurrection Army [UPA] at Wolyn in 1943, whose 50th anniversary we are commemorating. For now, Ukraine is choking on the unquestionable heroism of UPA and OUN [Organization of Ukrainian Nationalists, which fought against annexation of western Ukraine to Soviet Ukraine]. Preliminary moves are possible, such as the meeting of AK [Home Army] and UPA soldiers at Zasmyki at Wolyn, but there is no point in counting on a resolution of the kind passed by the RP [Republic of Poland] Senate on the "Wisla" operation.

The Consulting Committee appointed two commissions: one on political affairs and security and one on national minorities. On the Polish side, they are to be chaired by Jerzy Milewski and the director of the Office of National Minorities, Bogumila Berdychowska. Given Ukrainian resistance, no commission dealing with cultural artifacts was named because the Ukrainians do not want to conduct specific discussions now on the exchange or unilateral transfer of cultural objects to the other side.

But most intriguing is the nonestablishment of a commission on economic cooperation. That is where there is the most to be done, and both sides are interested in it. President Walesa's economic adviser, Andrzej Olechowski, pointed out in his excellent speech the issues on which agreement must be reached.

The most important issue in economic relations is the method of settling accounts. About 90 percent of transactions are barter contracts. For two years, the establishment of a joint bank that would simplify accounting has been discussed. That is slowly becoming anecdotal.

* Changing Nature of Solidarity Union Examined

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[Article compiled by Jerzy Morawski from unauthorized comments: "Whence Solidarity and Its Revolution? One Leader After Another Is Hurlled Off the Barricade. Zygmunt Wrzodak Is Winning. The Dice for a New Game Are Thrown Onto the Street"]

[Text] What has happened to Solidarity and why? We asked politicians, Solidarity activists, and scholars.

Solidarity is changing its countenance and looking for a new identity. The radicalization of an until recently self-restrained trade union worries some but seems natural to others. Jan Olszewski believes that, in prompting a vote of no confidence in the Suchocka government, Solidarity has returned to its roots, its wellspring. Karol Modzelewski, the man who conceived the name of Solidarity in August 1980, views the union's behavior as following the instinct of self-preservation. Zbigniew Bujak sees a barricade from which successive leaders are hurled off. What has happened to Solidarity and why? Where is the engine of the Polish revolution headed?

Zbigniew Bujak, Labor Union deputy:

It is hard to describe what used to be the ethos of Solidarity. But I know how it expressed itself. For example, in the years 1980-81, Zygmunt Wrzodak used to think the same way he does now, but at that time he would have feared to voice even one word the way he does now. All of those "real Poles," all of that grouping formed in his region, are people of his ilk. But in those days they dared not speak the language they speak nowadays. When Marian Jurczyk once allowed himself to make an anti-Semitic remark, he had to make prolonged excuses for it. At the time, it was not allowed

within Solidarity to use insulting epithets like Rusek [a derogatory term for a Russian], Pepiczek [a derogatory term for a Czech], and the like. Yes, that kind of pressure used to exist within Solidarity, and it showed that a thing like the ethos of Solidarity really did exist. Where has it gone?

Unfortunately, it is Lech Walesa as the chairman of Solidarity who bears the greatest responsibility for the decline of that ethos. He launched the buzzword "war at the top." In every powerful mass organization, there exists a collective opinion, and, within Solidarity, that opinion used to prevent hotheads from seizing the floor. If the organization narrows in size and the group becomes too small, other mechanisms begin to operate. Then, in principle, any individual can advance to a leadership position. I am observing that within the post-Solidarity parties, where second- and third-rate individuals command attention. If a man should be removed from high office because he made a fool of himself, how is that to be done? The "war at the top" has caused a schism within Solidarity and resulted in disrupting democratic and electoral mechanisms as well as those shaped by public opinion. In that sense, it can be said that Wrzodak is a child of Walesa.

During the presidential campaign, Lech Walesa told people like Wrzodak, "You are right. Your words are wise." That is where things became dramatic. Those individuals began to believe in their genius. That kind of buffoonery was introduced by Lech Walesa, who opened the road to populists. Maciej Jankowski became a radical within his Solidarity region, as did Sciskalski even more so, and now it is Wrzodak, who shall soon learn that other people are cleverer than he. Such is the logic of a revolution: Successive leaders are hurled off the barricade because they are insufficiently radical.

Bogdan Borusewicz, chairman of the Solidarity Caucus of Deputies:

Within Solidarity, the general opinion is that nothing has changed in Poland, that the communists are still ruling it. What does accepting such a theory mean? It leads to the belief that the government is alien and should therefore be treated like the communists were treated in 1981, without any scruples. We started the reforms believing that life would be better after a year—then after two, after three, and after more years. So now the question is whether Solidarity will continue to be a proreform union. I would like it to continue to be so, but radical attitudes are intensifying within the union.

Maciej Jankowski started the bidding in the Mazowsze Region of Solidarity. Now it has turned out that Wrzodak has outbid him, so to speak, and he, in turn, will probably be outbid by an even more radical agitator. That kind of Solidarity is not my kind. Solidarity should follow methods consonant with its charter; it should show deliberation and fix upon the extent of compromises in talks, yet, at present, it acts as though it wanted

all or nothing. That is suicidal. I got off the bus of strikes at the Independence Station.

Karol Modzelewski, historian:

I am not going to refer to any Solidarity ethos because nowadays it is associated with the idea of belligerence and causes misunderstandings. The present Solidarity trade union does not resemble the Solidarity movement of the years 1980-81, in which I was a participant. At that time, it was not just a trade union but also a social force, an antitotalitarian front formed by many hundreds of thousands of people who chose freedom. It was created by blue-collar and white-collar workers themselves. It developed into a highly egalitarian mass movement. The crowds forming it influenced the attitudes of its leaders, who could not do anything contrary to their will, fearing a loss of control over the members. Well, something like the Balcerowicz program would never have been supported by the Solidarity of 1980-81.

The fact that it did effectively support that program after 1989 was due to Wojciech Jaruzelski, who, in the 1980's, had dispersed the masses belonging to Solidarity, thus causing that trade union to survive merely in the form of a cadre organization, a banner, a myth, and a symbol that force could not destroy. The Mazowiecki government gained huge but passive support; it acted without relying on the will of the masses. And it pursued a shock therapy program undermining the base of Solidarity.

Until quite recently, the Solidarity trade union supported the government of Hanna Suchocka. It had created that government, and its deputies voted to accept the budget. It protected the antiworker policy, a policy that is an invariable consequence of liberal-monetarist measures. Solidarity shrank in size to just one-tenth of active members. To a trade union, that is the kiss of death. Then it developed a divided personality and supported recalling the government. The chaos that arose was due to Solidarity's response of self-preservation.

Jerzy Holzer, historian:

The happenings within Solidarity were predictable. First, Solidarity was fated to see its leaders migrate into politics and, in that sense, to play the role of a kind of sole nursery to them. Those who had remained within it found themselves in a very frustrating situation, feeling relegated to a secondary plane.

A still more important factor was that, at the moment when the Solidarity movement's unity could no longer be maintained, the position of that trade union became particularly precarious. As a trade union, it has the duty of representing the interests of its members. In the process of its still continuing transformation, that duty is becoming foremost, and Solidarity must take on part of the burden rather than share in the benefits. Even when a burden is to be equally shared, there always appear groups of malcontents.

The trade union Solidarity is becoming, in face of the changes making a crisis and a recession inevitable, nudged into assuming a stance of conflict with and a struggle against the country's political leadership. So Solidarity is being torn this way and that, vacillating between opposing the governments' measures and accepting its own marginalization.

Jadwiga Staniszkis, sociologist:

Let me make a comparison that may seem odd to some. The situation in Poland at the moment, what is happening within the political system, resembles the situation in Brazil in the 1930's, where the political system had been working for several years, and the society was more or less like ours: traditional and in a kind of shock as a new policy was only beginning to emerge. In Brazil, that system rested on three pillars: a fairly efficient corporate system with negotiations between business and trade unions; a fairly strong presidential system, with a populist orientation of its own; and extremely weak political parties, with some representative, parliamentary structures, so that the important decisions were not made on their forum, and the discussion merely legitimized the existing system, as it were. Some opposition was also expressed. Several years later, that system ceased to operate as the economy became part of the global system.

I am making this comparison only because I believe that Solidarity is splitting apart into precisely such weak splinter parties. There is the radical splinter led by Maciek Jankowski, which, as I see it, has a much clearer vision and certain rudiments of contacts with the world of business centered around the president. It is a vision of a corporate state, so to speak, not of the illusory, decentralized state envisioned in the "Pact on the State Enterprise" but of a working corporate state where business, banks, and trade unions all work together. It is no accident that, on the one side of the president, there is Olechowski, along with the president's economic council and, on the other, Jankowski. That combination reflects the concept of an effective corporate state.

The other orientation is the Siec [network of Solidarity organizations in Poland's largest plants]. It is clearly oriented toward a populist movement supporting the president. And last, there is the Solidarity led by Borusewicz and Krzaklewski, which is apparently at present being torn between following the image of a traditional trade union exerting political pressure on the government and that of the orientation headed by Arkuszewski and Rulewski, which resembles a miniparty that already is becoming part of the governing coalition at the expense of forfeiting its prounionist stance.

There seems to be no difference between Krzaklewski and Jankowski in the sense that both are extremists who, I think, differ in their vision of building an extremist trade union (and one is needed in the absence of well-articulated and negotiated interests).

I read a recent World Bank study comparing Poland and Hungary in terms of influence of political stability on the economy, and I found in it the statement that, even though Poland is politically less stable, that should not worry investors because politics in this country does not affect its economic life: Different mechanisms have arisen. That may sound positive, given the quality of politics. That also means that there is no competing power center but, rather, many different power centers, depending on what is involved; for example, the business community is pursuing its own mini foreign policy, entering into certain agreements defining the status quo. I believe that Jankowski's faction reflects most closely the actual alignment of forces, while Krzaklewski's faction strikes at the branch of power that happens to be the weakest.

The OPZZ [All-Polish Trade Unions Agreement], owing to its demagoguery, has forced Krzaklewski's Solidarity faction to become radicalized. And some of the former Solidarity activists, such as Arkuszewski or Borusewicz, should have long since quit Solidarity because they are politicians. Their presence within Solidarity confers, as it were, Solidarity's blessing on the government and thus complicates the emergence of Solidarity as an effective trade union, an emergence that is indispensable. The broadest vision of the place of Solidarity in the ongoing changes, as focusing precisely on close contacts with the business community, is that which is followed by Jankowski. Were he not radicalized by the situation and were he able to articulate his own vision, it would make the most sense overall.

Jan Rulewski, Solidarity deputy:

Solidarity is no longer the kind of trade union that is always learning and teaching. Its knowledge of the "Pact on the State Enterprise" is practically zero. Instead, the reigning atmosphere there is that of a rally. The consideration that what matters is not the forcefulness of demands but their acceptance is being forgotten. That may lead to conflicts. Within Solidarity, xenophobia toward capital is mandatory, and not a single step has been taken to educate its members about owning and managing stock in companies and about the rules of business. Instead, a constantly mentioned subject is the wonderful treasures hidden in factory rooms and the invaluable machinery pool, and there is, practically speaking, the hysteria about the threat of foreign capital.

The leaders of Solidarity do not want to cooperate with even the Labor Union, however natural that might be for a trade union, or with the left wing of the Democratic Union. They are making hostile remarks about Jacek Kuron and ringing the alarm bell about some obscure dangers. The unprecedented connection between the trade unions and the government has ruptured. The framers of the "Pact on the State Enterprise" are nowadays enemies.

The leaders of Solidarity conceived the notion of its "self-vetting" and a referendum, which was a resounding

failure. A multiplicity of aims, the absence of coordination, and an interplay of personal ambitions. Its ill-conceived opposition to the Suchocka government is strengthening the position of the OPZZ and enabling that major opponent to forge ahead.

Solidarity is emulating the political parties and waging ceaseless political campaigns, as well as becoming entangled in personal rivalries. Yet, we used to follow a doctrine of self-restraint, of supporting the reforms instead of continually waging political campaigns. The "roundtable" served many opportunists as an open door to leadership positions within Solidarity, and it is they who became the problem, not the old activists. The Solidarity family fell apart, and the broken-up trade union is imploding. And the destabilization of Solidarity means the destabilization of the state. The dice for a new game are being thrown onto the street.

Janusz Palubicki, deputy chairman of Solidarity:

No government after 1989 has toted up the losses due to communism. The point here is not to assign blame but to determine political and moral rather than criminal responsibility. Because the extent of those losses remains unknown, most people cannot tell nowadays what is due to the communist past and what to the mistakes made in recent years. The Polish mansion was robbed, and the names of the burglars are not being publicly identified. A broom to sweep clean is missing.

Economic problems are causing tensions, which are being compounded by the public's disorientation. Appeals to "name all of the culprits" are finding a willing ear: That is the only certainty in a confused situation. Solidarity as a trade union is institutionalizing the rising wrath of its members. I think that the behavior of its leaders was influenced precisely by the growing tensions and that Solidarity's accomplishments recently have been too small. Paradoxical as it may seem, it was precisely under the Suchocka government that Solidarity's accomplishments were the greatest. I was outraged by Solidarity's vote of no confidence in the government, and I myself voted against it. After all, the government adhered to the budget law, and it was stigmatized for doing so. Nothing like that ever happened before in the history of Solidarity.

*** Methods, Need for Money Devaluation Debated**
93EP0284A Warsaw ZYCIE GOSPODARCZE in
Polish 23 May 93 pp 6-7

[Article by E.M.: "Dilemmas of Devaluation"]

[Excerpts] When the National Chamber of Commerce [KIG] came up with the idea of a major, one-time devaluation of the zloty, it seemed that that would open a stormy debate between the proponents and the opponents of that measure. However, no one was willing to address the issue, not even exporters who had demanded more than once that the zloty rate of exchange be lowered. Therefore, we have decided to ask a few select

persons for their opinions about that proposal. Surprisingly, our idea did not draw the expected response, either. First, Witold Kozinski, deputy chairman of the NBP [National Bank of Poland], refused to share with us his opinion about a one-time devaluation, having reasonably pointed out that, as an eventual enforcer of that operation, he was not in a position to discuss it in public. However, Wlodzimierz Kicinski, director of the NBP Foreign Department, did address the issue in a statement delivered to the Reuter press agency. (Relevant fragments of that statement are published below.)

In turn, Cezary Stypulkowski, chairman of the Trade Bank, found KIG's idea so ridiculous that he did not have time to discuss its details. Even the president of Exbud, Witold Zaraska, who had contributed significantly to the drafting of KIG's program, which included the notion of the one-time devaluation, did not find time to defend his own ideas on the pages of our newspaper.

Still, the statements we have collected—most of which reject the need for and/or methods of one-time devaluation—do not deny the fact that there is a problem. It is difficult to conceal that Polish exports have declined. Further, it will not be easy to reverse that trend. Eugeniusz Szwarz, chairman of the Export Development Bank, and Marek Dabrowski have addressed that issue extensively in their statements for ZYCIE GOSPODARCZE. Also, the press has reported many times on the worsening of Polish foreign trade (see, for example, Marek Lubinski's article in the 19th issue of our weekly).

Most commentators agree that simple reserves, which have fed Polish exports up to now, have been exhausted. If those exports are to grow, a proexport restructuring of the domestic industry is necessary. Before that happens, however, exports can and should be stimulated by various means, especially by improving the very organization of foreign trade and its financial infrastructure. On the other hand, it is difficult to imagine that the state will not apply a vigorous foreign-exchange policy to promote exports in the long run. Some experts, such as Prof. Wacław Wilczyński, already wonder if the current monthly rate of "creeping" devaluation is not too low. Others suggest that the exchange rate should be made flexible and, thus, more adjustable to the conditions of the market economy.

Marek Dabrowski, like Director Kicinski, thinks it is still too early for that, but he does not exclude the possibility that a one-time devaluation will take place. Those opinions indicate that, although the NBP spokesmen (and the state authorities, in general) do not see a need to alter the foreign exchange mechanisms now, the problem will have to be solved sooner or later. What will Poland's foreign exchange policy be then? One has to assume that the one-time devaluation will not take place in the next few months. Not that the NBP would refrain from that method of improving the competitiveness of Polish exports (it was applied before), but because the Polish economy already faces too many perils.

The first of them is inflation. A one-time devaluation would only increase that trend. Still, an increase of the "creeping" devaluation rate is under consideration. Such an adjustment of the exchange rate may become necessary, given the fact that the state's balance of payments has clearly worsened, while payments on foreign loans may increase further (the harbingers of that appeared in March of this year).

On the other hand, to improve its trade-and-payments balance, the state may use various instruments, ranging from customs fees and taxes to selectively applied licenses and quotas (which already play a significant role in foreign trade), to slow down the growth of imports. Still, the way to overcome the crisis and develop the national economy in the long term (or at least to avoid payment difficulties) is by increasing exports and not by cutting down imports. Therefore, sooner or later we will either have to devalue the Polish currency in a one-time operation or improve the foreign-exchange mechanism in order to make it serve that basic purpose of the economic policy.

Krzysztof Szwarz, Chairman of BRE [Export Development Bank] (Joint-Stock Company):

I would like to say at the beginning that the mechanism of the "creeping" devaluation of the zloty vis-a-vis the combined basket of foreign currencies, employed in the Polish economy in the past year and a half, is the best solution at this stage of economic reform. It is not a perfect solution, to be sure, but is has many positive aspects. First, that mechanism makes the zloty rate of exchange independent to a certain degree of arbitrary and whimsical decisions of the administration. Furthermore, it enables us to predict the future and make well-thought-out macroeconomic and microeconomic decisions. Thus, it is a stabilizing factor in the uncertain conditions of our economy. Polish export companies do not count on a one-time devaluation; they do not delay their operations in order to postpone their payments.

On the other hand, the scale of the zloty devaluation has been largely decided in an administrative way. The authorities had to take into account many factors here—the planned increase of exports and imports, the balance of trade, the inflation rate, the size of the foreign currency reserves, the costs (in zlotys) of paying off the foreign debt and their impact on the budget, and so forth. Given those factors and Poland's economic situation in the first quarter of this year, is the assumed rate of zloty devaluation—25 percent yearly—sufficient? [passage omitted]

When discussing the foreign trade balance, one has to take into account the fact that the assumed rate of zloty devaluation is close to 31 percent in the case of import operations because of the introduction of the 6-percent border tax. In that way, the rate of devaluation is similar to the cost of short-term money on the domestic market.

The rate of inflation in the first quarter of this year, measured by the rate of increase of prices of consumer

goods and services (9.9 percent), does not suggest the need for further devaluation of the zloty. Incidentally, from the point of view of manufacturers and the profitability of exports and imports, a better inflation indicator would be the rate of increase of prices of the output sold, which usually is lower than the rate of increase of retail prices. (Although complete data pertaining to the results of the first quarter are not yet available, the index of prices of sold industrial output was lower by 0.3 percent in January and by 0.7 percent in February than the retail price index).

All in all, it seems that there is no need to speed up the pace of devaluation of the zloty. There is a possibility, however, that the assumed scale of zloty devaluation may be thrown off-balance when the value-added tax is introduced in July because it may cause prices to rise by as much as 7 percent (as estimated by the NBP) and not by a mere 1.5-3 percent (as optimistically estimated by the Ministry of Finance).

There still remains the question of whether decisions about the devaluation of the zloty should be made before or after the market developments. One has to remember that there is a correlation between the inflation rate and the devaluation rate.

Ireneusz Mintus, Director of the Foreign Trade Company Skorimpex:

A one-time devaluation of the zloty is necessary. The leather industry exports its products at prices that barely cover production costs. That is a combined result of inflation and the fact that the "creeping" devaluation of the zloty falls behind it. Devaluation is a must from the point of view of an industry that sells a lot of its products abroad while importing very few raw materials (more than 80 percent of the material used by the leather and shoe factories is of domestic origin).

The rate of devaluation should be 20-25 percent at this juncture, and it should be further corrected by the "creeping" devaluation. The government's assumptions about the correlation between inflation and the rate of exchange have been unrealistic from the beginning. If a decision about devaluation is not made soon, we will pay a high price in the future to reenter the lost foreign markets. The only reason domestic leather manufacturers still export their products is their hope that the one-time devaluation of the zloty will take place soon.

Marek Czekalski, Director of the Upholstery Plant Vera (Joint-Stock Company) in Lodz:

From our point of view, it makes sense to keep up the method and the pace of the "creeping" rate of exchange. We have to think about both exports and imports. Therefore, a sudden, one-time devaluation of the zloty may not be advantageous to Vera. In addition, it would ruin all economic calculations. One cannot but appreciate the stable rules of the economic game, one of which is the "creeping" correction of the zloty rate of exchange vis-a-vis the basket of foreign currencies. If those rules

were to be changed, we would have to know about it at least two months in advance so as to correct our production plans. On the other hand, I do not think it would be feasible to inform the public about this operation so much in advance. I therefore prefer the "creeping" devaluation because it is part of a stable business environment. [passage omitted]

Włodzimierz Kiciński, Director of the NBP Foreign Department:

People who want to stimulate exports sometimes suggest that the way to do that would be by a one-time devaluation of the zloty. If they suggest, in addition, that Poland's economy should become autarkic again, I would say that their proposals are not only immature but also very shallow. Because Poland is also an importer of goods, such a devaluation would only increase the inflation tendencies in the economy. The NBP wants to limit inflation and strengthen the state's financial stability. We think that the existing mechanism of devaluation guarantees that Polish exports are competitive because the costs of production do not rise as quickly as the prices of consumer goods and services.

In our opinion, the hitherto foreign-exchange policy has caused the necessary structural reforms. Further, we feel that the fact that the manufacturers cannot count on having their industrial lobby force the administration to alter the rate of exchange indicates that the process of reforms continues, not the opposite.

On the other hand, voices that suggest that the zloty rate of exchange should be made more flexible are premature because neither is the Polish currency hard enough nor is the market developed enough to shape that rate.

We are going to strive in that direction, but the scope of the zloty's exchangeability must first be expanded.

(From Kiciński's statement to Reuter).

Jerzy Milewski, of Animex Eksport-Import:

There is no doubt that a one-time devaluation of the zloty would make Polish exports more profitable. The export of meat products (Animex's specialty) is barely profitable at this point, while, in the case of many items, it has ceased to be profitable altogether. In many instances, we can sell those items on the Polish domestic market at higher prices than abroad. That has happened with ham, which has been Poland's number-one export for decades. If the dollar rate of exchange were significantly raised [through a devaluation of the zloty], it could boost exports, but only in the short term.

Needless to say, the rise of the dollar exchange rate would affect not only Poland's exports but its imports as well. More expensive imports of such basic materials as fuel and fodder would increase production costs, which would pump up domestic prices. That, in turn, would again quickly hamper the profitability of exports. More expensive imports would also stimulate inflation, which could

ruin that semblance of economic stability we have managed to accomplish. [passage omitted]

Marek Dąbrowski, of the Center for Social-Economic Analyses:

If one analyzes the idea of a one-time devaluation of the zloty—put forward by the National Chamber of Commerce—separate from a broader economic context, that appears to express only the narrow interests of the businessmen that body represents. As such, it is not a point of departure for a rational debate. To be sure, exporters would profit if the dollar exchange rate were raised, but they forget that it would not last long. A one-time devaluation of the zloty would increase the prices of not only imported goods but also of all goods. That, in turn, would increase costs and salaries, as a result of which the profitability of exports would again fall. If one comes up with such an idea, he has to take into account that it would bring about short-term positive results while giving a green light, in the long term, to undesirable economic phenomena.

Still, keeping the above in mind, it is difficult to entirely reject the idea that a few months from now one will have to resort to that instrument after all. Poland's trade and payments balance has been worsening for quite some time. That is a lasting phenomenon that cannot be ignored. In my opinion, the reasons for that are manifold.

Without going into detail, I would like to point out that the first reason is a production boom that began last year. The increase of production in a short time and within a given production capacity inevitably leads to an increased demand for imports. The second factor is the continuing high budget deficit, which increases domestic demand without guaranteeing a proportionate supply of goods. As a result, that additional demand must be met by imports. The budget deficit amounts to negative savings, which affect the shape of the balance of payments. The recession in Western Europe, in general, and in Germany, in particular, is another factor that strongly affects the Polish economy and foreign trade. Still another problem is the policy of the Polish National Bank, which makes the real interest rate on deposits close to zero. That may lead to a recurrence of the situation when depositors turn away from the zloty and go for the dollar.

I would like to emphasize that the budget deficit and the salary increase that began in the middle of last year and continued into this year are not temporary phenomena. As such, they will continue to affect the payments balance. Therefore, a question arises: What are we to do? In my opinion, the answer does not lie in closing the Polish economy to foreign imports with the help of customs fees and nontariff barriers, which the Polish Government is currently prone to do. Such a policy does not bode well for the long run. It would only send false signals to domestic producers and hamper the necessary structural transformations.

Therefore, I think that a devaluation of the zloty may become inevitable within a few months if the balance of

payments continues to be in the red, while foreign-currency reserves decline further. But it would have to be accompanied by a significant increase in the interest rate.

To prevent that from happening, actions in the macro-economic scale are necessary. I will point out only the

most important steps that need to be taken: The NBP should not lower interest rates any more, and the state should contain the budget deficit and refrain from increasing salaries. Thus, I would recommend that a balance be kept between consumption, investments, and savings....

Macedonia

* PDP Representatives in U.S., Foreign Countries

93BA1079B Skopje NOVA MAKEDONIJA in
Macedonian 14 May 93 p 4

[Article by Panta Dzambazoski: "Should One Act Pre-cipitously or Carry On as in the Past?"]

[Text] *Serious accusations are being made against the PDP [Party of Democratic Prosperity] by its branch in Switzerland, which thinks that progovernment elements, which are obstructing realization of the national and party program, have infiltrated the leadership; the PDP leadership considers this branch illegitimate. Did Sami Ibraimi and Mithat Emini travel to the United States to settle the situation in the PDP's branches?*

Lately, at least from talks with people familiar with the situation in the PDP, one can conclude that the unity that seemed to be so solid in this party has shown signs of being seriously shaken. It is said that the people in the party's leadership and the leaderships of the PDP's more important branches abroad are particularly estranged from each other. The reasons for that situation may differ in nature—because of disagreement with the strategy of the PDP leadership and the deputies' group (being in a coalition with the "communists" and conducting an increasingly more moderate policy, and naturally, it may also be financial in nature, or, more precisely, the financing of the headquarters' operation).

Constructive Albanians in the United States

The delegation that left for Washington last week, which consisted of Vice President Sami Ibraimi and Secretary Mithat Emini, as well as representatives of the Democratic Alliance of Kosovo and the Democratic Albanian Party of Montenegro, was apparently aimed at visiting the PDP's branches in the United States, at least as far as Ibraimi and Emini were concerned. We recall that during President Nevzat Halili's tour of the United States last year, there was an assassination attempt in Chicago, as some newspapers in the United States wrote, but the circumstances that led to the "gunfire" have not been cleared up to this very day. It remains unclear whether the target was Halili, or whether he was accidentally in the vicinity of the gunfire, and whether the settling of accounts had any kind of connection with the PDP leader and his speech, which was received by a considerable number of listeners with deep anger. In any case, we received denials from PDP Spokesman Mahi Nesimi that the trip by Ibraimi and Emini was connected in any way with Macedonian President Kiro Gligorov's visit in the United States by an attempt to undermine his political involvement and exert political pressure there on behalf of the interests of Albanians in Macedonia.

"On the contrary," Nesimi said, "the trip by Ibraimi and Emini was already planned and agreed upon two months ago, and at the request and express desire of the

branches. Furthermore," Nesimi said, "we have many prominent Albanians in our party's branches in the United States, who are very constructive, and have respect for everyone, both the Republic of Macedonia and the PDP's activities in our state."

The case of the branch in Switzerland, however, shows that not everything is as it should be, or as the party's leaders would like it to be, in the PDP's branches abroad. Last December the PDP's central presidency and central assembly adopted a decision that this branch should be reorganized into four new branches, for the sake of better organization, as it was decided, in order to avoid unnecessary and frequent trips by delegates from various places in Switzerland, etc. "At least the central assembly's position had to be respected," Spokesman Nesimi explained.

Accusations From the Branch in Switzerland

So far this branch has not complied with the decision, however, and since the members of the PDP leadership did not travel to Switzerland to attend the Swiss branch's annual assembly, 50 delegates from Switzerland traveled to Macedonia, and held an assembly on 14 April 1993 in the Gostivar village of Negotino. Furthermore, the delegates and the branch's President Saip Bilami personally expressed disgust that not one representative of the leadership attended the assembly of the guest workers, "who incurred expenses and traveled over 2,000 kilometers." As the newspaper FLJAKA E VLAZERIMIT wrote, he said that there was some "friction" between the central presidency and the branch from Switzerland.

"This attitude disturbs us, and indicates the PDP's political positions, with which we have not agreed recently," said the branch's president, Saip Bilami.

At the meeting in the village of Negotino, the delegates expressed the opinion that "progovernment elements, which are obstructing realization of the party and national program, have infiltrated the framework of the PDP. The source of all the weaknesses lies in the divisions and struggle for positions in the PDP leadership." Some of the delegates, according to the newspaper FLJAKA E VLAZERIMIT, also accused the party's leadership of other "abuses."

Unfamiliarity With the Situation

Finally, the most important thing in the relationship between the leadership and the branch is that the delegates rejected the position of the central presidency and the central assembly that the branch should be reorganized into four branches, and elected a new leadership by acclamation; according to some information, it actually elected the old one, and Bilami remained the president.

Spokesman Mahi Nesimi explained that this branch did not have that much significance for the PDP, in terms of the influence that it could exert over the party's overall policy and in terms of financing, as one might think. He said that it had to do with violating party discipline.

"Actually, as far as the PDP is concerned, not a single branch exists in Switzerland, and as such, we consider this one illegitimate. Last year all the branches were supposed to hold new elections. This branch did not hold elections at that time, and it did not deliver a financial account and a report on its work. The same president was reelected," Nesimi added, "and the reasons for their willfulness perhaps lie in the fact that this leadership headed by Besimi has control over the membership in Switzerland."

In connection with their opinion about the "PDP's moderate policy," Nesimi felt that the branches in Switzerland had a lot of younger people who were not very familiar with the situation in the Republic of Macedonia and with the PDP's political activity, and they thought, as Nesimi emphasized, that "some things, for instance the results of the referendum on territorial and political autonomy for the Albanians in Macedonia, should be implemented abruptly. This has to do with a poor assessment of the political conditions and of the political situation in the republic, and of the PDP's activities, and certainly there are also other internal reasons that govern their political and other attitudes. What may interest you," PDP Spokesman Mahi Nesimi said in conclusion, "is that a central assembly meeting is being prepared, at which, among other things, the party program, which is already obsolete and dates back to before the elections, will be updated."

* Development of Diplomatic Corps, Posts

93BA1079A Skopje NOVA MAKEDONIJA in
Macedonian 22 May 93 p 14

[Article by Zaneta Skerlev: "Where Macedonian Diplomacy Is Going"]

[Text] *The role that Macedonia had in the former Federal Secretariat for Foreign Affairs was marginal; how is the combination of returnees from Belgrade and the Foreign Ministry coping now?; new rules for people in the diplomatic bloc; how much will be spent on them; insistence upon high professionalization; the ambassadorial positions are nevertheless the most urgent.*

Macedonia's Ministry of Foreign Relations and the diplomats who worked within the framework of the former Yugoslavia's Federal Secretariat for Foreign Affairs (FSFA) were in an extremely unique situation after our country's declaration of independence. The republic ministry had to assume the role of a state institution which, from marginal and fairly quiet and comfortable work, had to rush into feverish diplomatic activity to present the independent state's identity and interests, and together with other parts of the government, to create the country's foreign policy. Those employed at the FSFA, however, had to decide whether to remain in Belgrade and promote the policy of Yugoslavism (still realistic to many people at that time), or to return to their homeland, where they had two options—to participate in the Macedonian Republic's Foreign

Ministry, or to withdraw (some say temporarily) from diplomacy, folding their hands or waiting for different times.

From Marginal People to the Margins

It was apparently quite clear to many people that what one might arbitrarily call the "good days" had passed, especially since it was necessary to work on one of the most difficult tasks heaped on the weak shoulders of state diplomacy—the struggle for international recognition and for the presentation of the Macedonian Republic's identity to the world public, a task which diplomacy tried to carry out, more or less successfully, while striving in parallel to create its own identity as well. One gets the impression that our diplomacy, "drifting" in the beginning, slowly tried "to close its own ranks," trying to achieve a new quality, enduring the criticisms that followed it during the past two years, which sometimes it bore stoically, and which sometimes resulted in resignation—that of Mr. Maleski, for example, who could not endure the criticisms and petty accusations by the opposition, which in this case did not show any scruples at all in achieving its desired goal. In the insane times that have encompassed this region, it is almost impossible now to give an assessment of whether it could have been any different, what would have happened if this or that had happened or not, and whether things would have been any different if completely different people had been in diplomacy. Mistakes were made—that is indisputable—but the intention that now exists in the Foreign Ministry—at least that is what is claimed—is to reduce them to a "tolerable level."

The role that Macedonia had in the former FSFA, according to many former and present diplomats, was marginal. In diplomatic activities, the republic was usually at the level of an outsider, and quantitative terms, it was also poorly represented. We were only represented in ambassadorial positions "by quota," if such an expression can be used, but even this respect there is an opinion that "quantity" was not followed by quality. "We were sent to certain 'left-wing' countries," one of our diplomats said, "and the most important ones, for example the European and overseas great powers, were mainly dominated by Serbian diplomacy. The Slovenes coped best, however, and managed to win better in qualitative terms; the Croats partly did as well; and we were literally the last." They say that this sort of status of the "Macedonian colony" in the FSFA was due to the passive policy that came, or rather did not come, from the republic. Even within the framework of Yugoslavia, the Slovenes, for example, succeeded in doing much more in connection with the issue of their minorities in the neighboring countries, while the Macedonians, from a lack of desire or impotence, did not succeed in doing anything essential for themselves and in taking advantage of the prestige that Yugoslavia indisputably had for a rather long period as one of the leaders of the Non-aligned Movement.

With a "policy" of silence and a lack of criticism, accepting the costs of the Yugoslav diplomatic table, and sending deserving and obedient people who were "in love with diplomacy from a distance" to ambassadorial positions thousands of kilometers away from their birthplace and proportionately distant from any real interests, individuals nevertheless succeeded in rising in that diplomacy, thanks to their own work and involvement, but also thanks to the support that they enjoyed from the federal (and domestic, of course) authorities, of course mainly relying on the idea of Yugoslavism and fleeing "like the devil from the cross" from the national option, which was frequently equated, without any arguments, with the nationalist one.

Whether they felt compromised in a certain sense in this way, whether retirement also meant for them total passivity in their own field, whether they disliked one thing or another that was happening in Macedonia after independence, or even whether private business, in which they even involved their third generations, was more attractive to them—whatever the case, some of them (some say the "top") chose not to respond to the invitation to return to Macedonia and to participate in the Foreign Ministry's work. Those who returned, among whom there is both quality and experience, at first somehow remained off to the side, for several reasons, the most prosaic of which is that the Ministry "did not have desks and chairs, or even offices to put them in," to the reason that in the Ministry itself a systematization had to be carried out on the new foundations, in view of the new conditions, for a distribution of duties and jobs. Nevertheless, one gets the impression that during a certain period, both those who came from Belgrade with a great deal of diplomatic experience and those who, as one colleague wrote, "brought from Belgrade a familiarity with using complicated eating utensils from diplomatic gala luncheons and a 'soft L' in their pronunciation" managed to cope.

High Professionalization

About 100 officials are now working for the Foreign Ministry, among whom there are almost no administrators, since the services of other government services are being used. Fifteen of them have been sent for temporary work abroad, as acting Macedonian representatives and consuls in the same number of countries, mostly European and Balkan ones. The systematization in the Ministry has been finished, and now personnel recruitment is in progress, as demonstrated by the recent advertisements for new jobs published in the newspapers.

According to the new "rules of the game," attempts are being made to have diplomacy highly professionalized, and so since a short time ago weekly and monthly reports have been instituted on the work of every individual, including those who are currently abroad. The result of those reports and of the evaluation of performance can be seen in the fact that several of our representatives abroad, as we have learned, will be recalled early, and there is a high probability that in the future this working

method will also be applied to all diplomatic positions at home and abroad, as long as our Macedonian tolerance—"to sin is human"—or the subjective factor of "I know the man, but I owe him, and besides, he is ours," does not interfere, which is likely, but must be minimized.

Knowledge of at least one world language, as well as the inclusion of newly hired and previously hired but still insufficiently experienced personnel in the postgraduate studies of diplomacy that are to be opened during the next academic year at the Law School, as well as the promises that more attention will be paid to quality than to connections, provides a basis for hoping that in the future it will not happen that our representative abroad will use his hands as a means of communication and "waste" five or six arduously memorized phrases from cowboy movies, which are usually in the most international language that is obligatory everywhere in the world. Not even gaffes like "Why are you ruled by a queen and not a king? One knows where a woman's place is," which the official interpreter fortunately succeeded in not interpreting, or the question "Do you speak English?" [preceding question in English], addressed to the host of the reception whose roots go back somewhere to Henry the Eighth.

The Appointments Are Still Coming

The attempts to establish a new (for us) code of diplomacy in which professionalism and training will be primary, however, in view of the mentality here, will not make any less attractive the diplomatic, primarily ambassadorial, posts that have been discussed more and more frequently lately. The initiative is supposed to start with the Ministry, and then go through the government's Commission for personnel issues; in the form of a proposal, it is supposed to reach the state president, who is the only one authorized to appoint ambassadors. Consuls general are appointed by the government, once again at the proposal of the first two "phases," and the other officials should mostly come from the Ministry. In accordance with world principles, two-thirds of the people proposed should be professional diplomats, and one third public or scientific, cultural, or economic, or most likely political figures, but according to certain information, in our case, at least in the beginning, this ratio (which was the reverse in the FSFA period) will be 50:50. The main intention, i.e., our foreign policy orientation, as can already be observed, will be primarily toward Europe, as well as toward countries in which there is a considerable number of our compatriots—the United States, Canada, and Australia—and subsequently attempts will also be made to establish closer relations, for instance, with China, Japan, and so forth. In designating our representatives, according to the regulations that are being prepared, some of which have already been prepared, the main role should be played by expertise and the requirements—if economic cooperation is in Macedonia's interest, then some successful businessman or economic expert should go to that country.

Not everything depends on us, however. In some countries, even though the Republic of Macedonia has submitted a request to open its diplomatic representations, there has not yet been any answer in return, and some of our representatives, for example to Belgium and Sweden, have been waiting for entry visas for months! In view of the possibilities, it is realistic to expect that we will send some countries occasional diplomats, who will spend several months doing all the necessary work, without the establishment of permanent representations.

With respect to finances, however, there are opinions that the opened consular and ambassadorial representations could perform well financially and even cover their own expenses. Naturally, that is if we do not succumb to megalomania and create cumbersome services at them, since even three people can do the work efficiently and functionally (let us not even talk about doing it profitably). Salaries, which at one time were the biggest "lure and challenge" for fighting to win a position abroad, are currently below world standards. It remains to be seen whether they will remain that way. They are set according to indices and coefficients that are adopted every six months by the UN, taking into account the growth in the cost of living in all the world metropolises. Nevertheless, they do not have any connection at all with the average salary in the republic....

It remains to be seen how our diplomacy, which in terms of age can be classified as "medium"—with experience behind it, but also with prospects ahead of it for development on the basis of world standards—will develop from now on and whether it will be successful. In any case, the beginnings are promising.

The Macedonian Republic's Representatives Abroad

Biljana Tasevska	Macedonian representative to the UN in Geneva, Switzerland
Dimitar Bidikov	Chief of the temporary Macedonian mission to the UN in New York, United States
Petre Mitev	Macedonian delegate general in Paris, France
Stojan Rumenovski	Charge d'affaires at the consulate general in Sofia, Bulgaria
Tripun Karapetrov	Macedonian representative in Moscow, Russia
Danco Markovski	Charge d'affaires at the embassy in Ankara, Turkey
Jovan Tegovski	Macedonian representative in Brussels, Belgium
Mile Krstevski	Macedonian representative in Belgrade, Federal Republic of Yugoslavia
Stefan Nikolovski	Charge d'affaires at the embassy in Ljubljana, Slovenia
Tasko Teodosievski	Representative at the consulate general in Bonn, Germany
Viktor Gaber	Macedonian representative in Tirane, Albania
Blagoja Zasov	Macedonian representative in Strasbourg, France, at the European Parliament
Ljubica Acevska	Macedonian representative in Washington, United States

Effect of Sanctions on Air Traffic Viewed

93BA1011B Skopje NOVA MAKEDONIJA in
Macedonian 29 Apr 93 p 2

[Unattributed article: "Fewer Overflights"]

[Text] *The Flight Control Service at Skopje Airport says that the intensity of air traffic over Macedonia has diminished since the beginning of this week. Complete shut-down of flights over Yugoslavia and Macedonia would cause chaos in air traffic throughout the world.*

The United Nations sanctions against Yugoslavia, which went into effect yesterday, have already had their effect on air traffic. Resolution 820 prohibits direct flights to and from the isolated FRY [Federal Republic of Yugoslavia], but does not forbid flights over Serbia and Montenegro. As this newspaper has been informed by the Ministry of Urban Development, Construction, Communications, and Ecology, many think that this resolution will not cause disruption of this form of communication, against which sanctions have been applied since last year when Yugoslav Air Transport and Aviogeneks planes were grounded, but the results of these measures are becoming more noticeable. They stem from the fact that the entire territory of Macedonia's northern neighbor has now been proclaimed a dangerous region, and of course this implicitly applies to the air space as well.

This was confirmed yesterday by the Flight Control Service, whose radars have registered a decrease in the number of airplanes in the skies above Macedonia. According to Jovica Lazarevski, senior instructor in the Flight Control Service at Skopje Airport, it is evident that the intensity of air traffic over Macedonia has diminished since the beginning of this week, and it had been extremely heavy at this time of year in the past. According to Lazarevski, it is simply that planes are being rerouted by way of Bulgaria and Romania, and from these countries they enter Hungary or Central and Northern Europe. It is apparent that there are no airplanes of airlines of the Scandinavian countries. These aircraft seem to have been instructed to avoid airplanes over Yugoslavia that also continue over Macedonia. However, according to Lazarevski, air traffic over Macedonia has not been halted, and essentially this cannot be done now in any event. The reason is that two of the main Balkan air corridors used by airplanes throughout the world extend over Macedonia and the FRY.

Surveys of past years, according to the controllers, show that Macedonia's air space was used by around 500 airplanes during this period of the year, and around 600 planes passed through the air corridors over Bulgaria and Yugoslavia. Rerouting of air traffic exclusively by way of Bulgaria or by way of Albania is not possible, both because the air corridors of these countries cannot accommodate the traffic, and in Albania's case there is no adequately developed flight control system. On the other hand, the very attempt to undertake such sanctions, the controllers point out, would lead to chaos in air

traffic with multiple consequences and far greater damage than in all other forms of traffic combined.

Financing, Control of Air Corridors Described

93BA1011A Skopje NOVA MAKEDONIJA in
Macedonian 24 Apr 93 p 13

[Article by Blagoja Janev: "Flight Control in Macedonia's Skies—Quiet War Over Security"]

[Text] *The civilian status of air control, according to the people in this highly important service, is threatened with increasing frequency by attempts by military authorities to impose their conditions and be incorporated in air control.*

Undesirable events appear to be forthcoming again, less than a year after the air traffic controllers' strike in Macedonia, in this highly important service of vital importance to air traffic safety. According to statements by persons in the system, the division is in danger even though deconstruction and completion of the personnel and technical resources of the service are in progress in this division with four departments in the recently unified civil aviation sector of this system. These people are saying in particular that in recent months the military authorities have made increasingly frequent attempts to place this division of air traffic under army control, just as it was in the former Yugoslavia. This effort is allegedly being thwarted, and in addition to performing their highly complex operations the controllers are now engaged in devising various contrivances as preparation for "repulsion of the assaults on their civilian status." They are preparing information, clarifications, and materials on their own positions and are forwarding them to the proper authorities. We find that the word "strike" is heard with increasing frequency. It seems superfluous to write about the safety of the skies above Macedonia.

A Return to the Old Ways?

In their appeals to the government and to the ministry concerned the controllers do not hide the fact that they are exerting special effort to secure exclusively civilian status for this system, in keeping with favorable experience around the world and international regulations in this area. At the same time, one of the main arguments advanced for this attitude was represented by the several years of negative experience with the Federal Air Control Administration (SUKL), which until the 1970's was divided into civilian and military divisions which were later integrated rather than being coordinated, with "more harmful consequences," according to the controllers.

Specifically, according to Predrag Terzioski, sector head of the air control system, the principle of subordination, in accordance with which professional competence plays no role whatever, was imposed in place of professional competence, compliance with international standards, rationalization of air space, and modernization. Military

commanders exclusively were placed in management positions in the SUKL. This led to creation of an unwieldy administrative apparatus, use of earned resources for "higher aims" and to swell the secret coffers of the JNA [Yugoslav People's Army], "strictly confidential" treatment of many matters, and many forbidden flight zones. Because of the inertia of the system, a large number of claims were not collected from foreign users of Macedonian air space, and lack of professional expertise led to failed investments in the purchase of technical systems. The percentage of military persons among the operational personnel (controllers) was less than five percent, in contrast to the management personnel. The controllers were downgraded in every field with respect to specialization, professionalism, and basic worker rights. All this has according to Terzioski resulted in chaotic conditions in this area, an enormous lag behind and impossibility of joining in the European and world trends in development of the air control system. Terzioski states that controllers believe that, although we have inherited an enormous backwardness in technical planning, we at least should not repeat these organizational errors.

According to Terzioski, the current situation in air control is that it is in the stage of organization within the framework of establishment of a civil aviation authority. It is supported both by the pertinent ministry and the government and by certain international institutions. Everything has not been completed, and this situation has given rise to all these problems. Terzioski does think, though, that the work has now yielded its first results with establishment of the four sectors of the air control division (SUB-OBKL), but that the most difficult part now remains to be done, making the system independent and upgrading it. Huge amounts of money will be needed for this purpose and for step-by-step expansion. Demands will be placed on the air force for incorporation into the civilian aspect of the air control system. This, in turn, would be a bottleneck in this system, a recurrence of its negative experience. In its proposals to the government, the air force has covertly taken action in this context instead of confining itself to areas in which cooperation is easier and assigning all personnel to development of the air defense system.

Terzioski adds that air force commanders arrogate to themselves the right to guide the activity of membership of Macedonia in international European and world civil aviation organizations, to represent the Macedonian civil aviation authorities in international contacts with other countries, and exert other pressures without the knowledge of the Ministry of Urban Planning, Communications, and Ecology. The end result of all this must be integration of the civilian air control system in the military. According to the controllers, this would be a unique farce in view of the nonexistence of military aircraft and the air force is operated almost entirely in theory only. In their view, the "theoretical air force" is trying to take possession of something that does exist in air control, even though it has neither personnel nor

technical resources with which to improve the quality of services in this system. The two air force controllers who were employed by the former SUKL warn that the controllers should not be lost as personnel. They should be mustered out and trained for civilian control of aircraft.

The controllers also point out that they do not advocate total severing of relations, but on the other hand that there is no need for military air control and that they offer cooperation in the area of technical assistance and joint use of the technical systems, normally with the functions strictly separated. This cooperation could be carried out on the basis of permanent coordination.

Fear of the Past

The military authorities, on the other hand, emphasize that there need be no fear of their intrusion into this system. According to them, such fear is obviously due to what happened in the past. The air force, often inveighed against, states among other things that its intervention in this area has the aim of defense and sovereignty of Macedonia's air space. And a country, it points out, is fully sovereign only when it has complete sovereignty over land and the skies. Consequently, many proposals have been presented to the government for solution of the problems and settlement of questions in air traffic, and these proposals have been reported regularly to the Ministry of Urban Development, Construction, Communications, and Ecology, which is also responsible for air control. Everything that the air force takes over is not autonomous; it is rather subject to the Ministry of Defense, for the sake of better control and defense, for example, of air space which is not currently covered by a radar image.

The integration advocated in the air force should not be construed as it was earlier, as consisting of appointment of leaders to head this service, but in participation in part of it by employees, whose professional qualifications should be taken in to consideration in job classification. One basic requirement for ensuring control of air space from the viewpoint of defense is inclusion of military controllers in the organizational structure of air control. They would act if the air space were to be threatened by ensuring timely and quick reaction by the anti-aircraft defense system. They would not be there to help themselves to funds or for any other purpose. In any event, all controllers would perform both military and civilian control, it is stated in the air force, and the AKL [expansion unknown] controllers are also persons subject to performance of military service. It is believed in the military that this should be done in this manner, for the sake of integration of all the forces in the country qualified for this work, and in any event this service is not always adequately equipped and is operating with half the facilities and personnel that according to international standards Macedonia needs.

As regards previous international and other contacts in a number of air traffic matters, the air force points out that

it is committed to acquiring essential information everywhere, as are the Ministry of Urban Development, Construction, Communications, and Ecology and the Ministry of Foreign Affairs, or the cabinet. Flight control has been only part of its area of investigation. It also states that the preparations for cooperation that are obviously being made among the controllers, although in its opinion the previous offers for dialogue have not been properly understood, are something positive on which solution of this problem should be based. Primarily the two ministries involved, and of course the cabinet, should participate in definitive solution of the problem.

It remains to be seen what direction developments in this highly important segment of air traffic will take. The first impression is that the "conflict," the quiet struggle for control of the skies above Macedonia, is a result of a recurrence of past situations, but also of the slow and untimely reaction of the competent authorities to the problem. And how matters are to be resolved in this area is indicated precisely by the clearing of the decks (although, again, with some delay) by the authorities, and by the settlement of the question of jurisdiction in connection with the status of Skopje airport, which is now almost exclusively civilian in status after being civilian and military. This was made possible by a joint four-way meeting of representatives of the Ministry of Urban Development, Construction, and Communications, the Ministry of Defense, the Ministry of Internal Affairs, and the prime minister. Events are obviously proceeding haphazardly in this situation. There is much room for improvisation, rumors, and assumptions, and all this destabilizes the operation of the Flight Control Service. At the same time, there is also dangerous destabilization of the skies above Macedonia.

Director of Airport Services Interviewed

93BA1011C Skopje NOVA MAKEDONIJA in
Macedonian 1-3 May 93 p 9

[Article by Blagoja Janev: "Interview with Zoran Krstevski, Director of Makedonija Airport Services Public Corporation: Airports With a European Image"]

[Text] Now that Macedonia has become independent, and especially after its recognition by the United Nations, the question of air traffic, and in its context the airport situation, are extremely important, according to Krstevski. Skopje and Ohrid airports are to undergo intensive development and equipment.

Despite the flourishing of the aviation business in Macedonia and the large number of domestic travelers, and because of the effects of the specific circumstances, both good ones and ones even worse than in Yugoslavia, the period of 1992 and the first months of 1993 has not been accompanied by suitable improvement in the quality of the services provided by the two airports in Macedonia. A large number of deficiencies have been evident in operations at both the Ohrid and the Skopje airport, with the result that the operation of the services has been far

below the desired European level, and even farther below the world level. For this reason, at the beginning of the year the cabinet, with the cooperation of the competent minister, ordered reorganization of the Makedonija Airport Services Public Corporation, which manages the services at both airports. Because of the large number of irregularities and the inefficient management of business policy, which have resulted in repeated harm to services, director Velimir Tanevski, who had headed this enterprise for several years, was replaced as part of this reorganization. Last month Zoran Krstevski, who at the same time is a deputy in the Assembly of the Republic of Macedonia and chairman of an Assembly commission, was appointed to take his place.

A New Concept

His mission is both successful completion of the activities involved in reorganization and transformation of the business and introduction of a new concept for more successful and responsive operation of the airports in Macedonia. To many involved in this activity and to ordinary observers of conditions in air traffic, at any rate, it will be highly interesting to observe how this entire concept, representing the plans, and innovations that are to improve the operation of the Makedonija Airport Services Corporation, will be put into practice.

"Now that the Republic of Macedonia has become independent, and especially since Macedonia has become a member of the United Nations, air traffic matters, and in this context the position of the airports, have become extremely important," according to Krstevski. "As in many other areas, we did not have the foresight to prepare all this in advance, and so here as well many things were done in the past that are now coming back to haunt us. First of all, in what used to be Yugoslavia, the status of airports located in Macedonia was that of provincial airports. They provided services chiefly for flights to domestic destinations, but to hardly any international destinations at all, flown exclusively by two airlines, JAT [Yugoslav Air Transport] and Adria. Even the Skopje airport was part of JAT. The entire concept of airport development was adapted to this treatment. Another problem in the past was the combined civilian and military status of Skopje airport, so that hardly any development options were projected for the airport, especially for cargo handling and technical services."

"The problem now is that there are exclusively international traffic and 'convenience flights,' what with the blockade of The Federal Republic of Yugoslavia and the war in part of former Yugoslavia. In effect, Skopje airport has gained in importance. Last year, when around 400,000 passengers were carried, was a particularly good one. This was accomplished with 150 employees at Skopje airport and 60 at Ohrid airport, while the number of employees normally required for a similar passenger flow is 800 to 1,000. However, the question is whether this current throng of passengers and

the situation presenting itself in air traffic can be projected to continue on a long-term basis.

"In contrast, in Macedonia we have unsuitable development of airline companies. This is reflected primarily in the large number of these companies, the operation almost exclusively in the form of leasing of airplanes, performance of charter flights with undertrained crews, and with deficiencies in airplane ticket sales. All this together also creates a bad image in the eyes of the passengers who take off and land at Macedonian airports. Nor is it any secret that there have been reports of the many weaknesses in this public corporation. NOVA MAKEDONIJA as well has written about them. At the time of arrival in the company the SOK are also examined by government agencies. Procedures are being followed to determine responsibility, and there probably will also be fines when the grievance procedure has been completed. The greatest problem is represented by the very concept of business, in that the basic function, provision of services, passenger transportation, and maintenance of platforms and airport buildings, was taken as the basis at the time of dispersion or establishment of limited liability companies. Some of them developed as a disloyal competition, as for example Aviosped with Makedonija AS in part of the companies, or the Avioturs in the area of tourism. In accordance with the direction taken by the government, we must return to the basic activity in order to revitalize the greatly disrupted functions of the airports as regards security, equipment, personnel training, and profitable operation."

Projects and Priorities

"The question of priorities now arises, and of how to start and initiate projects that in essence will define the development of airports in Macedonia. They include rebuilding of the runway in Skopje and of the lighting system, both of which are dilapidated. An investment of 12 million marks will be needed for this purpose. Together with the government an effort is being made to include the airports in the European Community credit program, in the area of technical assistance. All the projects are scheduled to undergo very thorough review by internationally recognized institutions. Technical and technological outfitting of the airport buildings in Skopje and in Ohrid will also be carried out, to create layout and technical conditions for provision of better services for passengers and aircraft.

"In the case of Skopje airport, for example, this involves building of a 2,000-square-meter annex to allow heavier passenger traffic, as well as acquisition of special vehicles, escalators, fire trucks, conveyor belts, and other equipment, which will be exclusively new to the platforms, and both airports will benefit. The capital will come exclusively from regular income and purchases will be made by decision of an authorized agency, after bids have been submitted. The material costs will be determined by those who pay them. Of great importance in this investment area is the fact that space and facilities,

platforms, and hangars have been received from the military; they provide the possibility of starting up other activities in the airport complex. The plan includes opening of a duty-free zone, a currency exchange office, cargo service and shipping operations, a motel, and an aviation fuel pump. The latter would place Skopje airport, for example, on the world map showing the airports at which kerosene can be obtained, something that is not currently the case.

"A drawback in all this is the fact that Macedonia still does not have an aviation authority of its own, one which would be of assistance among other things in defining relations with airlines. Formal legal agreements regulating reciprocal relationships would be signed with the airlines. Payment for services was and still is a problem; the public corporation has as it were accustomed the airlines not to pay even though they have earned large profits from traffic and have been developed with the corporation's money. Specifically, the interest on debts due from air carriers have not yet been paid, and to all appearances this situation has been fostered by intervention by individuals in the corporation to promote their own interests. Behind the airline ticket sales network are individuals some of whom are not citizens of Macedonia. By means of various manipulations to avoid tax obligations or by selling tickets at the last minute, they have placed the corporation, and the airline companies along with it, in an unenviable position.

"Among the airline companies there are also justified negative comments and dissatisfaction with the corporation, primarily because of the level of costs for services, in that world prices are charged for airport services but the services are Balkan in quality. People wait for hours in the buildings and on the planes, and for this reason consideration is being given to introduction of allowances and benefits for airlines with a large number of flights but also to increase in the burdens on airlines with a smaller number of flights. An innovation in pricing of services may also be expected in the so-called double takeoff of one airplane from both Skopje and Ohrid even when this results from inclement weather or the like, something inconceivable in countries with highly developed air traffic. All these new features, and there will be many of them by the end of the year, should contribute to improvement in the operation of the airports in Macedonia and acquisition of a recognizable European, as opposed to Balkan, image by these airports."

*** Party Representatives' Opinions on Privatization**
 93BA1095B Skopje NOVA MAKEDONIJA in
 Macedonian 28 May 93 p 3

[Unattributed article: "Different Views of the Transformation Model"]

[Text] *The law is essential for completing the economic reform, and its shortcomings would be eliminated in the*

completion process; disputed fairness of this document; an audit of illegal shareholding as well.

The beginning of the Assembly debate on the proposed law on the transformation of enterprises with social capital was used by the deputies to repeat their positions, which mainly coincide with what was said during the exhaustive commission debate. According to their statements, no one is against having this process finally start, thus completing the economic reform and entering a modern market system.

Speaking on behalf of the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity] deputies' group, Tomislav Stevkovski said that they were in favor of comprehensive privatization with social security. He demanded that the government analyze the transformation to date, with a complete inventory of how much social capital there was in Macedonia as of 31 March 1993, as well as how much social capital would be involved in the transformation under this law. It is likewise necessary to know what amount will be transferred to the Pension and Disability Insurance Fund, as well as the amount of wages that have been paid with internal shares. "If we want a true transformation," he said, "then we have to have an insight into what has been transformed already."

Vladimir Golubovski (VMRO-DP [Democratic Party]) emphasized that some people wanted the restoration and rehabilitation of social property, but this time in the form of group property. "The proposers of the amendments," he said, "who want to have social capital distributed through free shares, free external shares, do not have anything in common with a market economy, and are essentially advocating group property, a retention of the existing situation in ownership relations. All the attempts to block this and to impose a new concept essentially mean postponing the privatization process and discrediting us, since the proposed concept has received international support." For Dusko Djordjeski (SDSM [Social Democratic Alliance of Macedonia]), "This is the most important document, according to the constitution. Even though it has been exhaustively prepared, however, from all indications it seems that we will go into the debate for political publicity."

Petar Gorgiev (RS-LP [Reformist Forces-Liberal Party]) emphasized that the proposer had accepted some of the comments, proposals, and opinions expressed during the prolonged debate, but did not deviate from its concept. The process of privatization as the ultimate goal and transformation as a transitional phase was not sufficiently clarified. "Privatization," Gorgiev said, "will essentially achieve the economic efficiency of economic entities, but there are limiting factors for this—above all, the lack of capital for rapid privatization, the obsolete technology, the banks' illiquidity, and recently also the blockades resulting from the sanctions against the Federal Republic of Yugoslavia. That is why the process of

transformation has to be carried out by identifying social property so that we can arrive at privatization."

According to Saban Prevala (PDP [Party for Democratic Prosperity]), "The privatization process is a long one primarily because it will be hard for us to part with a system that we lived with for decades, and we do not have enough capital for comprehensive privatization. Although two years have passed since the first version of the law, we can still contribute to improving it, as indicated by the large number of amendments. They do not represent undermining the law, nor even any sort of obstruction, since we must not leave the transformation to chance."

For Dzelil Tairi (PDP), this law will bring radical changes in the economic system. He supported the government's position on not going ahead with larger discounts than the one given in the concept, "since we have seen," he said, "where the slogan 'the workers' factories' will lead us." This law will make it possible to create a material base, and then we will also worry about social security. According to Simeon Ivanovski (SDSM), it is unacceptable for the total debt of the state and depositors to be charged to the economy alone. The debt also lies in the noneconomic sector, as well as with the depositors themselves.

This law is not acceptable to a large number of workers, as well as to a broader circle of citizens, emphasized Kiril Kovacevski (VMRO-DPMNE), but they are precisely the ones who participated in building facilities and purchasing equipment, very often even at the cost of low personal incomes. Why is it that now whoever has money can invest it and buy shares, but not the workers? That is why, he said, we know in advance that the workers will be left in the street and they will be a social problem for society, and for that reason he urged that they be allowed free shares. In this regard, he emphasized, the government was generally not differentiating between transformation and privatization.

The law is the state's second constitution, thought Vanco Mladenov (SDSM), explaining that this process represents a revolution, without war, but not without casualties. He fully supported the law, as well as its adoption as soon as possible, although he is not convinced of its fairness, since in addition to positive things, it will also bring many negative ones. According to Alil Dzaferoski (SDSM), privatization is a process that does not start with the adoption of this law, but rather even with the federal laws of the former SFRY, and in this regard he referred extensively to what was offered by Ante Markovic. In the present case, it is necessary to keep in mind that Macedonia has an interest in attracting foreign capital, but foreigners will not be interested in investing in companies where the employees function as both workers and owners. Free shares were also supported by Pance Nasev (RS-LP), who cited the example of Astibo, which he heads. The factory, he said, was built primarily from the workers' resources and from their overtime

work, so that the capital has increased, the firm is expensive now, and they cannot buy it.

For Hamid Aliu (PDP), there are two dilemmas: Whether we are in favor of a market economy, and whether we are engaged in transformation or privatization, which are not the same thing, since privatization involves a political decision, and its goals depend on the affinities of the political authorities. A shortcoming in the proposed law is that a model has not been prepared for some enterprise, so that it could be seen what its effect will be like, said Ljubisav Ivanov (SPM [Socialist Party of Macedonia]). Among other things, he thinks that several models, forms, and techniques should be used, but he is not in favor of oversight bodies that will increase administration and slow the transformation. He proposed that the appraisal of enterprises be conducted by well-known world firms. What Time Andonov (RS-LP) emphasized was the need for the government to intervene in several articles in the law, which should provide for an audit of the illegal transformation carried out to date. The last participant in the discussion yesterday, Dusko Nikolovski (SDSM), claimed that the solutions in the proposed law created the necessary conditions for suspension of the current social, i.e., self-management, property, but also for illegal shareholding. He felt that the demand for a new model of transformation meant creating chaos in the state.

The general discussion of the law will be continued today at 10:00.

[Box, p 3]

Compensation for Invested Labor

Workers should be notified that they will be left without work and that they cannot expect to be fairly compensated for their work invested in the past, said Vanco Mladenov. He then advocated free external shares for workers and retirees, as compensation for what would be taken away from them by this law.

* Record Production of Nickel Reported

93BA1103A Skopje NOVA MAKEDONIJA in
Macedonian 25 May 93 p 10

[Article by S. Jakovlevski: "Record Production at Fenimak"]

[Text] Five hundred twenty-four tons of nickel were produced in April. A revenue of about \$40 million is expected from Fenimak's activities.

Kavadarci, May—After the disaster of Feni, the ferronickel combine in Kavadarci in 1984, when the combine was unable to activate the brand-new nickel production facilities, and two years after the second activation, the combine is functioning successfully today. Our particular reason for paying a visit to the combine's smelting plant near Vozarci Village was to meet with Dimitar Ancev, the head of Fenimak, whose only function was to

promote the development of the combine. The combine had assumed great commitments to the economic plan. However, for the familiar reasons, the results have fallen behind.

Last April, the Fenimak smelters were able to beat all past production records with an output of 524 tons of nickel in a single month and, which is even more significant, to reach the real production capacity of about 12,000 to 13,000 tons of nickel per year, providing that both technological lines are operational. According to Ancev, this month as well Fenimak expects an output in excess of 500 tons of nickel. This is a good indication that without any major difficulties the combine will be able to meet the planned annual production of 5,660 tons of nickel this year. Actually, so far it has already produced about 2,000 tons. This involves the planned annual extraction of about 750,000 tons of ore and the removal of 3,750,000 cubic meters of soil. If the plan is followed, it is expected that Fenimak will contribute to the Macedonian economy a revenue of \$40.5 million, at lower production costs. Despite the fact that with such results no extra earnings are expected from Fenimak's work, considering the circumstances this is viewed as very positive in the efforts to find ways for the overall reactivation of the combine. On this subject, Ancev said the following:

"If we take our working conditions into consideration, our main objective at this point is to maintain our output. There are factors that seriously disrupt nickel production. First are the UN sanctions against the Federal Republic of Yugoslavia that prevent us from acquiring materials. This is followed by the price of nickel that, for the past nine months, has been quite low. It fluctuates between \$540-580 per 100 kilograms. These are uneconomically low prices even for much better established and known world nickel producers."

Under such circumstances, it would be realistic to be more modest and to insist on survival with an eye on the future. In that context, particular attention is being paid to improving production efficiency by reaching the closest possible standards to those planned. The battle for standards, according to Ancev, is their main task that will determine their future.

In that respect, noteworthy is the fact that currently Fenimak has significantly improved production quality by producing as much as 48 percent nickel. This has significantly reduced transportation costs. Today, because of the road blockades, this is quite significant. The best confirmation that Fenimak is following the right way in terms of financial support comes from the customers. They are prepared to participate in the launching of the second technological line, the preparations for which have been completed. The reasons for which this had not been accomplished so far are due to foreign factors and to the stressed situation on the area. Without peace in the Balkans it would be illusory to expect that anyone would assume such a risk, according to Ancev.

Serbia

Phone Interview With Owner of Inter Stefani Bank

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[Interview with Stefani Aleksander, owner of the Inter Stefani Bank, by E.R.; place and date not given: "Where Is the Owner of the 'Inter Stefani' Savings Bank? Stefani—in Belgrade, Money—in a Month"]

[Text] *I must first assure my personal safety because of racketeers and I am paying back the debts of the clerks who stole from me, and then I want to settle with depositors, says Stefani Aleksander*

"This is Stefani Aleksander. I have not fled anywhere and I have no intention of going anywhere outside my country. I will reopen the savings bank, most probably in a month, only first I am taking care of some important matters," the owner of the "Inter Stefani" Savings Bank, which, incidentally, ceased operating on 12 May, told us yesterday over the telephone.

The reason that she suddenly disappeared from her apartment was, as she told us, personal security. "The Montenegrin Mafia in Belgrade tried to extort 12,000 marks from me. First they planted a bomb in front of a branch bank on 7 July and then, two days later, left a message with my secretary: 'You will see your God, the next time only the earth mover will not work.'"

To the question where she is, she answered only that she is in Belgrade but is not able to say exactly where, and added: "The inspectors advise me not to go for walks much so I cannot say where I am, and they cannot protect me much. But I am not afraid of criminals, the most important thing to me is that I completely balance all the accounts in the savings bank and that I settle the accounts through the courts with people who worked for me, and stole from me."

Specifically, Stefani Aleksander claims that her former cashier, his wife, the shift chief, and her bookkeeper caused her harm by opening fictitious accounts for their friends and then paying interest on their current accounts. "Some depositors also harmed me, and most of them are employed in 'Investbank' on Knez Mihailova Street, because they withdrew money in two ways: in cash and through accounts."

The owner of the "Inter Stefani" bank is also resentful of the Service for Payments Turnover of Palilula, from which she did not receive a single dinar, she claims, between December, when the savings bank initiated dinar savings, and May.

Ms. Stefani believes that the monetary authorities do not treat all savings banks and currency exchange offices equally. "They came to me from the financial police and the SDK [Social Accounting Service] almost every 15

days, although I regularly paid my taxes. But they didn't touch savings banks that operated illegally, foreign exchange savings, or currency exchange offices that did not return money to the National Bank or banks with which the offices were connected."

In the words of the owner, the "Inter Stefani" savings bank has about 25,000 depositors and about 31,000 agreements. The principle, therefore, that which depositors invested, amounts to about 400,000 marks at the current rate, naturally in dinars, since these are dinar

savings accounts. Ms. Stefani claims that she will succeed in paying depositors all their money.

"I have a firm, and I will pay back everything that my employees stole from me. I opened the savings bank honestly, I will honestly return the money to all those who trusted me. I want to walk the street tomorrow with my honor intact and, moreover, there is no money for which I would flee somewhere," Stefani Aleksander told us finally and promised that she would contact us again as soon as she settles accounts.